Policy, Research, and External Affairs

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Transportation

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A Framework for Analyzing Financial Performance of the Transport Sector

Ian G. Heggie
and
Michael Quick

Here is a framework for analyzing the current financial state of a country's transport sector, identifying and measuring the seriousness of financial problems, and identifying options for improving financial performance and mobilizing revenues for maintenance of transport infrastructure.

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This paper — a product of the Transportation Division, Infrastructure and Urban Development Department — is part of a larger effort in PRE to improve policies on pricing, cost recovery, and efficient resource use in transport. A companion report on public expenditure reviews in transport is due to be published shortly. Copies of this paper are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Wendy Wright, room S10-055, extension 33744 (30 pages with tables plus 32 pages of an annex).

Heggie and Quick present a methodological framework for reviewing the financial performance of government agencies responsible for transport.

They apply this framework in a detailed case study in Tanzania (the transport infrastructure — particularly the road network — of which is seriously run down) and on desk studies in 14 other countries. Their findings:

• Revenue administration in Tanzania was weak. Only half of the airport user fees and road user charges were collected.

• The structure of user charges was unduly complicated.

• Expenses were not well controlled.

• Fuel prices were out of line with those in adjoining countries, encouraging smuggling and inefficient use of fuel.

• Transport enterprises were operating without clear financial objectives.

• The financial affairs of these enterprises were being supervised by a ministry that lacked the expertise and authority to do so effectively.

Heggie and Quick outline the steps recommended to strengthen financial performance and describe how their methodology can be used to prepare multiyear forward programs that can be linked to the net cash flow to/(from) government.

Produced at the PRE Dissemination Center

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This paper was prepared as part of a project on Pricing, Cost Recovery and Efficient Resource Use in Transport. It was prepared by Ian G. Heggie, INUTD, and Michael Quick, consultant.

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INTRODUCTION

1. This paper attempts to develop a methodological framework for reviewing the financial performance of government transport agencies. The framework might be used to undertake a free-standing review of sector performance, to supplement the analyses included in regular sector reviews, or to provide the basis for the sectoral chapter of a Public Expenditure Review.

2. The paper is divided into three parts. The first describes the methodological framework developed during the course of a financial review of the transport sector in Tanzania, and explains the kinds of issues and proposed solutions identified during this review [1/]; the second extends the framework -- on the basis of desk studies -- to fourteen other countries; while the final section draws conclusions regarding the general applicability of the framework.

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1 Tanzania: Financial Performance of the Public Transport Sector, Rpt. No. 7610-TA, January 1989.

I. TANZANIA CASE STUDY

1. Objectives

3. This review was undertaken to address the seriously run-down state of the transport sector in Tanzania and, in particular, the poor condition of the road network. In 1987, over 60 percent of the paved main road network and 75 percent of the unpaved network were classified as being in "poor" condition; this not only increased transport costs, but was also beginning to hamper the movement of agricultural products in the countryside. In response to this state of affairs, the government prepared a National Transport Policy Document which listed amongst its policy goals: (i) improving financial performance and cost recovery in the transport sector; and (ii) increasing the allocation of resources for road maintenance and rehabilitation. In a further document prepared for the Transport Sector Donor's Conference held in December, 1987, the government estimated that about $210 million would need to be spent over the next five years on road maintenance and rehabilitation to raise to 70 percent the length of the main road network classified as being in good condition. Following detailed studies, this estimate was later raised to $850 million. Once the network had been rehabilitated, there would furthermore be an on-going requirement for funds to maintain the road network in a stable long-term condition.

4. The main questions posed for the review were thus: (i) what was the current financial state of the government transport sector; (ii) where did the problems lie and how serious were they; and (iii) what could be done to improve financial performance and, in particular, to mobilize sufficient revenues to maintain the main road network in a stable long-term condition (accepting that the overall question of "affordability" might require that some parts of the main road network be abandoned, or transferred to local government).

2. Methodological Framework

5. The first task was to devise some way of assembling and summarizing the financial performance of the various public agencies comprising the government transport sector. This was not an easy task, since the sector

includes roads and airports (operated as government departments as part of the Ministry of Communications and Works [MCW]), ports, railways and an airline (all operated as free-standing parastatals[2] supervised by MCW) and a group of regional trucking companies, a shipping line, an urban bus company and an inter-urban bus company (operated as parastatals under the umbrella of the National Transport Corporation, a holding company also supervised by MCW). The task was accomplished by assembling annual financial statements for government departments (roads and airports) and collecting annual statements -- containing Profit and Loss statements and Balance Sheets -- for the remaining agencies operated as parastatals. Figures were generally assembled for at least six years -- including the most recent unaudited accounts -- and were checked, converted into a standard format and entered into a Lotus spread-sheet.

6. The second task was to compress this information into annual summary tables to illustrate the overall financial performance of the sector and show what impact it had on the government's overall fiscal balance. The format used is illustrated in Tables 1 and 2. Table 1 refers to 1985/86 (when the rate of exchange was $1.00 = Tsh 19), while Table 2 refers to 1986/87 (after the rate of exchange had fallen to $1.00 = Tsh 52). The tables thus show what happened to the sector during the course of a major currency devaluation. Among other things, the tables were designed to illustrate the following features of the sector's financial performance:

(i) Towards the bottom of the Profit & Loss summary is an item entitled "Shortfall of Regular Maintenance". This is not a cash item, but represents the notional shortfall between the amount which should have been budgeted for maintenance and the amount actually allocated for it by the government. The figure assumes that assets are adequately maintained at the start of the year and only refers to shortfalls in "regular" maintenance and not to any needs for rehabilitation, or deferred maintenance.

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2 In Tanzania, public utilities are referred to as parastatals.

Table 1. Overall Financial Performance of the Transport Sector: 1985/86

(T.Sh. million)

	Government Departments			Transport Enterprises							
	Roads 1985/86	DCA 1985/86	Total Roads & DCA	THA 1985/86	ATC 1986	TRC 1986	RETCOs 1985/86	TACOSHILI 1985/86	UDA 1985/86	KAMATA 1985/86	TOTAL Transport Enterprises
Profit and Loss:											
Total Revenue	1,997	93	2,090	1,097	880	1,539	251	97	261	74	4,179
of which Govt. subsidies	-	-				60					
Working Expenses	1,337	168		(1,039	1,037	1,146	218	114	172	78	3,799
Depreciation				(	73	87	22	2	19	8	211
For. Exch. & Other Provisions				473	204	841	-	-	-	-	1,518
Interest Paid (net)					58	1,240	2	2	2	-	1,305
Corporate Taxes				54	0	0	1	0	34	0	98
Total Expenses	1,337	180	1,504	1,566	1,372	3,314	244	119	227	86	6,931
Net Profit/(Loss)	660	(78)	586	(469)	(512)	(1,776)	6	(21)	34	(12)	(2,752)
Net Taxes/(Subsidies)	-	-		54	0	(60)	9	0	34	0	37
Shortfall of Regular Maintenance (a)	(950)	(30)	(980)	-	-	-	-	-	-	-	-
Net Surplus	(290)	(108)	(394)								
Balance Sheet Movements:											
Increase/(Decrease) in											
Fixed Assets & Investments				288	145	3,741	(9)	2	11	(5)	4,172
Working Capital				24	(503)	(2,209)	(5)	20	24	(5)	(2,653)
Total Assets				312	(358)	1,532	(14)	22	34	(10)	1,519
Financed by Net Increase/ (Decrease) in											
Share Capital & Grants				38	(65)	71	2	38	(1)	0	83
Retained Earnings/Reserves				(456)	(479)	(1,781)	5	(21)	34	(12)	(2,710)
Debt Instruments				729	162	3,233 (b)	(20)	6	-	3	4,112
Revaluation Surplus/Other				-	24	9	-	-	1	-	34
Total Financing				312	(357)	1,532	(14)	22	34	(10)	1,520
Of which Govt. Grants/(Loans)				38	(65)	189	2	0	0	0	164
Cash Flow To/(From) Government: (c)											
including shortfall of regular maintenance											(521)
as percent of government current revenue (1985/86)											(2.5)
excluding shortfall of regular maintenance											429
as percent of government current revenue (1985/86)											2.1

Notes: (a) This represents the shortfall of regular routine and periodic maintenance.
(b) Mostly represented by an increase in long term foreign loans underwritten by government.
(c) Net revenue of government departments, plus taxes paid, less subsidies and the shortfall of regular maintenance, less government grants and loans to transport enterprises.

Table 2. Overall Financial Performance of the Transport Sector: 1986/87

(T.Sh. million)

	Government Departments			Transport Enterprises							
	Roads	DCA	Total Roads & DCA	THA	ATC	TRC	RETCOs	TACOSHILI	UDA	KAMATA	TOTAL Transport Enterprises
	1986/87	1983/87		1986/87	1987	1987	1986/87	1986/87	1986/87	1986/87	
Profit and Loss:											
Total Revenue	3,859	173	4,032	2,806	1,529	2,454	421	182	285	31	7,676
of which Govt. subsidies	-	-									
Working Expenses	2,192	292		(1,123	1,926	1,686	342	263	252	42	
of which taxes				(							
Depreciation				(	99	99	19	3	20	4	
For. Exch. & Other Provisions				(94)	-	2,369				(4)	
Interest Paid (net)					78	452	2	2	1	-	
of which to Govt.											
Corporate Taxes				888	0	0	20	0	6	0	
Total Expenses	2,192	292	2,484	1,917	2,102	4,606	383	268	279	42	9,565
Net Profit/(Loss)	1,667	(119)	1,548	889	(573)	(2,152)	38	(86)	6	(12)	(1,889)
Net Taxes/(Subsidies)	-	-		888	0	(46)	20	0	6	0	807
Shortfall of Regular Maintenance (a)	(3,300)	(60)	(3,360)								-
Net Surplus	(1,633)	(169)	(1,802)								
Balance Sheet Movements:											
Increase/(Decrease) in											
Fixed Assets & Investments				2,178	(65)	1,388	147	9	29	(6)	3,680
Working Capital				445	(683)	1,884	(4)	43	(27)	(6)	1,653
Total Assets				2,623	(748)	3,272	143	52	2	(12)	5,333
Financed by Net Increase/(Decrease) in											
Share Capital & Grants				(6)	57	4,782	108	128	(4)	0	5,070
Retained Earnings/Reserves				876	(609)	(2,148)	33	(73)	6	(12)	(1,917)
Debt Instruments				1,754	(154)	238	2	(2)	-	0	1,833
Revaluation Surplus/Other				-	(52)	400	-	-	0	-	348
Total Financing				2,624	(748)	3,272	143	52	2	(12)	5,334
Of which Govt. Grants/(Loans)				0	(65)	4,782	108	0	0	0	4,820

Cash Flow To/(From) Govt:

including shortfall of regular maintenance	(5,755)
as percent of government current revenue (1986/87)	(17.4)
excluding shortfall of regular maintenance	(2,405)
as percent of government current revenue (1986/87)	(7.3)

Notes: (a) This represents the shortfall of regular routine and periodic maintenance.
(b) Net revenue of government departments, plus taxes paid, less subsidies and the shortfall of regular maintenance, plus gover- nt grants and loans to transport enterprises.

(ii) Shortfall of regular maintenance is only shown for roads and airports. No comparable item is shown for parastatals, although the main body of the report did present an estimate suggesting that the overall deficit of these enterprises would have increased by roughly 7 and 13 percent respectively in 1985/86 and 1986/87, had an estimate for "shortfall of maintenance" been included for parastatals. In principle, the estimates could have been included explicitly in the tables.

(iii) The upper half of the tables show the Profit and Loss statements of public transport enterprises and the ensuing aggregate net profit/(loss). However, it does not show how these losses were financed. This is shown in the lower part of the tables which present a summarized financing statement.

(iv) The summarized financing statement -- and the associated changes in working capital -- show how the ensuing deficits were financed. The changes in working capital, the decrease being almost entirely due to an overall fall in current assets and/or an increase in current liabilities (the enterprises insisting on settlement of accounts receivable, while deferring payment of their own bills) illustrate how the overall size of the profit/(loss) carried forward from the Profit and Loss statement can be reduced by forcing suppliers to finance part of the enterprise's current operations. The financing statement then shows how much of the deficit was financed by government (in the form of equity and loans) and how much by other financing instruments. By looking at the loan schedule in the annual report of each enterprise, it is also possible to establish how much is being financed through instruments which carry government guarantees (e.g. foreign loans and lines of credit) which represent off-balance sheet commitments for the government.

(v) The final line in the tables shows the link between sector performance and the governments' overall fiscal balance. It consists of: the net surplus of government departments, plus taxes paid, less subsidies and the shortfall of regular maintenance, less government grants and loans to transport enterprises.

The tables thus summarize the overall financial performance of the sector and link it -- via the cash flow To/(From) Government -- to the government's overall fiscal balance.

3. Using the Framework For Diagnostic Purposes

7. In the case of Tanzania, the framework was used to examine the following three features of sector financial performance:

(i) Performance of Government Departments

The performance of the roads and civil aviation departments can be summarized in terms of the following figures extracted from the tables (in Tsh, million):

	1985/86		1986/87	
Revenue	2,090	(10%)	4,032	(12%)
Expenditure	1,504	(6%)	2,484	(6%)
Contribution to General Revenues	586	(3%)	1,548	(5%)

Note: Figures in brackets show the amounts as a percentage of total government current revenues/expenditures.

8. The figures show that user charges -- particularly road user charges -- accounted for about 10-12 percent of government current revenues in 1985/86 and 1986/87 and were thus a major source of government current revenues. This is not unusual, as is illustrated by the figures presented in Table 3 for 14 other countries; road user charges as a percentage of government current revenues vary from a low of 3.8 percent in Ethiopia and Tunisia, to highs of 15.9 percent in Costa Rica and 25.3 percent in Argentina. On the other hand, road expenditures in Tanzania are lower than revenues and only account for about 6 percent of total current expenditures. As a result, there is a significant surplus of revenues over expenditures amounting to about 3-5 percent of

Table 3. Road User Revenues and Road Expenditures

(Local currency and per cent)

Country/Year	Units	Road User Revenues: Fuel Taxes	Other User Charges	Total Road User Revenue	Road Expenditures: Maint.	Other Expenses	Total Road Expend.	Shortfall of Maint'nce	Required Road Expend.	User Revenues as % of: Actual Road Expend.	Required Road Expend.	Gov't Current Revenue
AFRICA:												
Ethiopia	Birr,mill	39.8	47.4	87.2	37.2	84.5	121.7	14.8	136.5	71.6	63.9	3.8
1985	(%)	(45.7)	(54.3)	(100.0)								
Ghana	Cedi,mill	4,308.9	251.2	4,560.1	3,762.0	9,579.0	13,341.0	0.0	13,341.0	34.2	34.2	4.3
1987	(%)	(94.5)	(5.5)	(100.0)								
Zaire	Z, mill	2,606.0	50.0	2,656.0	3,021.6	1,612.7	4,634.3	200.0	4,834.3	57.3	54.9	6.2
1986	(%)	(98.1)	(1.9)	(100.0)								
ASIA:												
Indonesia	Rp,bill	594.1	521.7	1,115.8	175.8	773.1	948.9	220.0	1,168.9	117.6	95.5	5.4
1985/86	(%)	(53.2)	(46.8)	(100.0)								
Philippines	Peso,mill	5,997.0	1,611.0	7,608.0	3,678.0	2,620.0	6,2[illegible].0	0.0	6,298.0	120.8	120.8	9.7
1986	(%)	(78.8)	(21.2)	(100.0)								
Sri Lanka	Rp,mill	2,371.0	1,563.0	3,934.0	532.0	346.0	878.0	800.0	1,678.0	448.1	234.4	10.9
1985	(%)	(60.3)	(39.7)	(100.0)								
Thailand	Baht,mill	13,077.0	6,489.0	19,566.0	2,385.0	7,476.0	9,861.0	1,500.0	1[illegible],361.0	1[illegible]8.4	172.2	12.0
1985	(%)	(66.8)	(33.2)	(100.0)								
LATIN AMERICA & CARRIBEAN:												
Argentina	A,mill	1,742.7	357.4	2,100.1	300.0	800.0	1,100.0	0.0	1,100.0	190.9	190.9	25.3
1985	(%)	(83.0)	(17.0)	(100.0)								
Colombia	C$,bill	16.9	30.2	47.1	36.8	15.9	52.7	0.0	52.7	89.3	89.3	7 2
1986	(%)	(35.9)	(64.1)	(100.0)								
Costa Rica	CR$,mill	7,687.0	978.0	8,665.0	1,120.0	4,731.6	5,851.6	0.0	5,851.6	148.1	148.1	15.9
1986	(%)	(88.7)	(11.3)	(100.0)								
Jamaica	J$,mill	78.3	50.3	128.6	7.9	71.5	79.4	7.4	86.8	162.0	148.2	14.3
1981/82	(%)	(60.9)	(39.1)	(100.0)								
EUROPE, MIDDLE EAST & N. AFRICA:												
Algeria	DA,mill	7,800.0	330.0	8,130.0	390.0	4,850.0	5,240.0	350.0	5,590.0	155.2	145.4	7.9
1984	(%)	(95.9)	(4.1)	(100.0)								
Pakistan	Rs,mill	3,039.0	6,285.0	9,324.0	1,203.0	2,692.0	3,895.0	4,105.0	8,000.0	239.4	116.6	12.2
1984/85	(%)	(32.6)	(67.4)	(100.0)								
Tunisia	DT,mill	46.1	37.2	83.3	15.2	39.0	54.2	6.7	60.9	153.8	136.8	3.8
1986	(%)	(55.3)	(44.7)	(100.0)								

Sources: World Bank Staff Appraisal Reports, Sector Reports, Economic Memoranda, Consultant Studies, IRF Statistics and I.M.F. International Financial Statistics.

government current revenues (equivalent to about $30 million). The overall conclusion is thus that user charges in Tanzania, particularly road user charges, are a significant source of government current revenues and also of general tax revenues.

(ii) Performance of Transport Enterprises

The corresponding performance of transport enterprises can be summarized in terms of the following figures (in Tsh, million):

	1985/86	1986/87
Net Profit/(Loss)	(2,752)	(1,889)
Net Taxes/(Current Subsidies) paid to government	37	867
Changes in Working Capital	(2,653)	1,653
Government Capital grants/Loans	164	4,820

9. This presents an interesting picture. In 1985/86, these enterprises incurred a net loss of Tsh 2,752 million (equivalent to about $145 million) which improved significantly in 1986/87 to a loss of Tsh 1.889 million (about $37 million). The substantial loss in 1985/86 nevertheless had little impact on the government's overall fiscal balance. The government received Tsh 37 million in taxes and paid out Tsh 164 million in capital grants/loans; the net outflow from government was thus a mere Tsh 127 million (less than $7 million). The enterprises financed their deficits during the year by not paying their bills and running down working capital to the extent of Tsh 2,653 million (nearly $140 million); accounts payable, and arrears in payments due on long term loans, increased significantly during the year. Such action can have a serious impact on the financial performance of other enterprises and on the banking sector.

10. However, working capital cannot be used to finance current operations indefinitely and in 1986/87 the government had to step in with a major infusion of equity capital, grants and loans to pay off the short term debts of these enterprises. This shows up clearly in the figures for 1986/87:

working capital was rebuilt and the government supplied Tsh 4,820 million (nearly $100 million) in new capital.

11. The tables therefore illustrate the importance of examining changes in the balance sheets of transport enterprises to understand how they finance their net losses. It also shows how, via changes in working capital, their initial financial difficulties can result in a reduction of working capital and hence in indirect impacts on the financial performance of other economic sectors.

(iii) <u>Overall Financial Balance</u>

12. The final four lines of the tables show the sector's impact on the government's overall fiscal balance. It has been presented "with" and "without" the estimated shortfall of regular maintenance. When this shortfall is included, the overall drain on the government's fiscal revenues rose from 2.5 percent of total current revenues in 1985/86 to a staggering 17.4 percent in 1986/87; the deficit in this latter year amounted to Tsh 5,755 million (over $110 million). When the shortfall of maintenance is excluded (i.e. when the figures relate only to the cash obligations of government), the overall balance shows a positive figure of 2.1 percent of total current revenues in 1985/86, but still shows a deficit of 7.3 percent in 1986/87 (equivalent to a cash outflow from government of Tsh 2,405 million, or over $46 million).

13. The above figures illustrate two important points. First, governments frequently cut maintenance expenditures -- particularly road maintenance -- to help balance the budget during periods of fiscal stringency; in Tanzania, road maintenance was cut in both nominal terms as well as in real dollar terms and the shortfall in regular maintenance went up from Tsh 950 million (about $50 million) in 1985/86 to Tsh 3,300 million (about $63 million) in 1986/87. Second, even when road expenditures are cut back, the poor financial performance of the transport sector can still represent a serious drain on the government's overall fiscal revenues.

4. **Identifying Specific Problems**

14. Preparation of the above tables focussed attention on a number of issues which were adversely affecting financial performance. Although many were specific to Tanzania, a number were of a generic nature and appeared likely to affect financial performance in other countries as well. The general issues included the following:

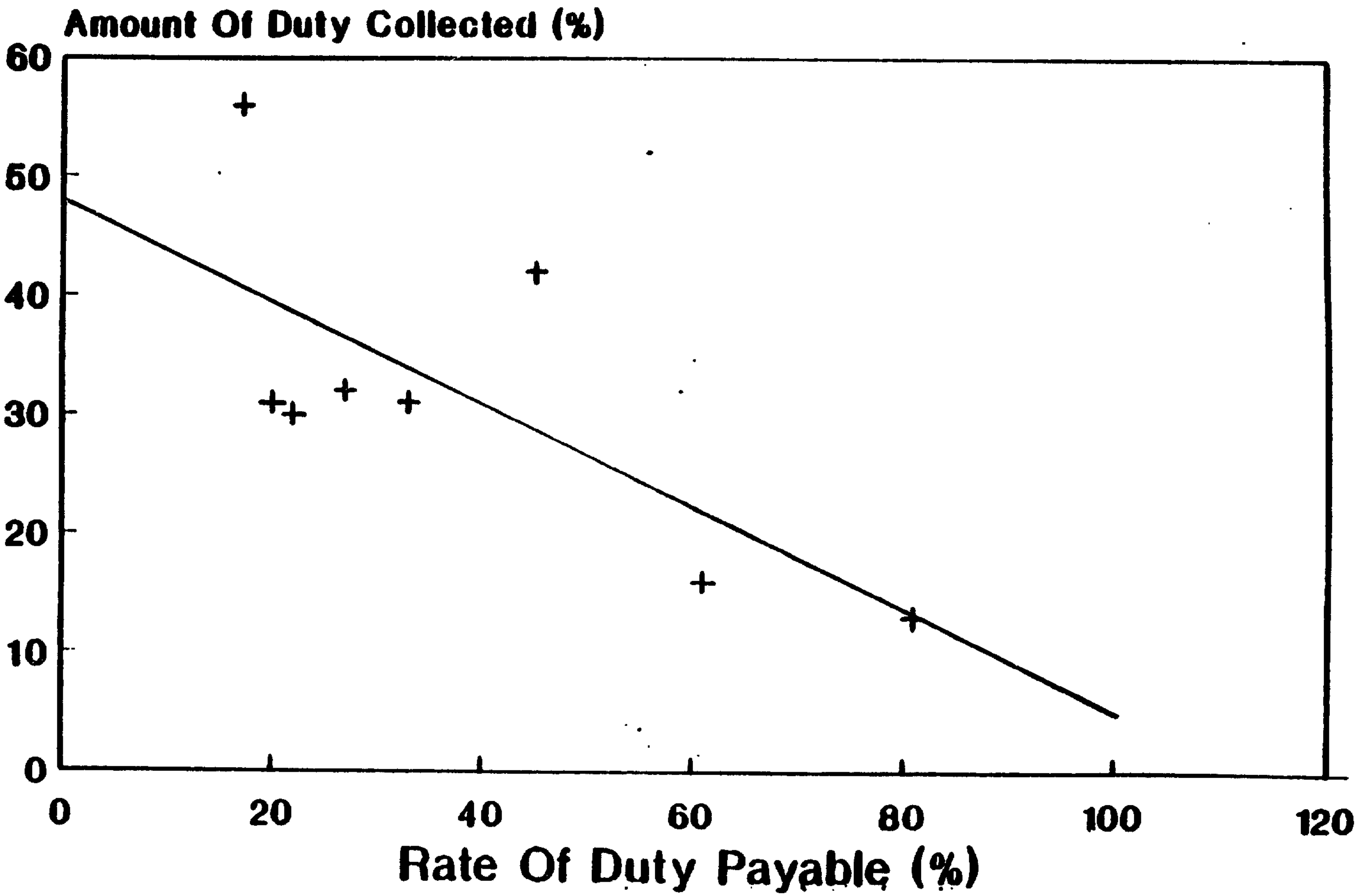
4.1 Government Departments

(i) Revenue administration was weak. The civil aviation department and the Treasury were only collecting about half the airport user fees payable during 1985/86. The former department only collected about 30 percent of air navigation charges and 63 percent of landing and parking charges; the latter agency was only collecting about 51 percent of the passenger service departure fees. The balance of the user fees were being avoided, evaded, or were disappearing into other people's pockets. The same applied to road user charges; apart from fuel taxes (collected as an excise tax from the oil companies), collections rarely exceeded 50 percent of the amounts payable. An analysis of the marginal tax rates for imported vehicles, likewise showed a consistent (linear) increase in evasion as marginal tax rates were raised (see Fig. 1).

(ii) The review of user charges showed that their structure was unduly complicated and that there were numerous ambiguities and inconsistencies in the published tariffs (this clearly contributed to avoidance, evasion and leakage).

(iii) It became clear that expenditures were not well controlled. For example, maintenance of trunk roads (costing roughly $30 million p.a.) was controlled by MCW's Control Unit; the unit only had four Controllers, with one part-time vehicle, to control spending in 20 regions.

TAX AVOIDANCE:
VEHICLE IMPORT DUTIES a/



a/ Each point represents the duty payable (as % of vehicle value) and the duty collected (as % of duty payable) for individual vehicle categories.

(iv) Fuel prices were significantly out of line with those in adjoining countries, both at the official as well as at the parallel exchange rates. The price of diesel fuel was only two-thirds of the price in Kenya at the official exchange rate and only one-third at the parallel rate. This was causing inefficient use of fuel and encouraging smuggling.

4.2 Transport Enterprises

15. These enterprises suffered from many of the same problems affecting all public enterprises in developing countries: poor record keeping, shortage of accountants, poor expenditure controls, accounts subject to large *ex post* adjustments, etc. These are nevertheless facts of life in a developing country and the Government was working actively with the local accounting community to improve matters. There were, however, two further factors which appeared to adversely affect financial performance. First, the Boards of Directors of these enterprises, with some notable exceptions, contained too few people with a commercial background and a sound knowledge of finance, while second, the enterprises lacked clear financial objectives and this was compounded by being nominally supervised in their financial affairs by MCW. This ministry was essentially a construction agency and lacked the expertise and authority to effectively supervise the financial performance of these enterprises.

5. Developing Potential Solutions

16. Identification of the problems outlined in section 4 was followed by development of potential solutions as follows:

5.1 Government Departments

It was suggested that:

(i) Revenue administration by the civil aviation department might be improved by collecting the passenger service departure charge from the airlines (a common practice in N. America and Europe) and by turning the operation of airports into a separate operating unit accounting for its activities along regular commercial lines. Among other things, a commercial accounting framework would introduce the concept of "accounts payable" into the financial statements of airports which would enable the government to monitor how effectively user fees were collected. It was estimated that the above changes could raise the revenues collected from the passenger departure service charge from the current level of 51 per cent to nearly 100 per cent and raise revenue collections from other airport charges from 30 and 63 per cent respectively to about 90 per cent. In the longer term, it was also suggested that airports might be reconstituted as a free-standing parastatal.

(ii) In the case of road user charges, MCW should be required to prepare an annual report on revenue collections for submission to the Ministry of Finance. The report should identify revenues collected/collectable, costs of collecting the revenue and provide recommendations for strengthening revenue administration. The aim was to provide MCW with an incentive to press for more effective revenue collection.

(iii) Road user taxes could be improved by simplifying the tax structure, abolishing unenforceable taxes (for example, on the sale of second hand vehicles) and lowering marginal tax rates (the latter, to improve overall collection rates).

(iv) Fuel prices should be equalized with those in Kenya, initially at the official exchange rate (over 5 years), and eventually at the parallel exchange rate (over 10 years). However, since it is difficult politically to simply raise fuel prices, the review urged the government to initiate consultations with interested parties to help reach a consensus on the need for such action. To assist with this process, the review included a suggested Draft Consultation Document (the draft is attached to this paper as Attachment 1).

The potential impacts of these, and other suggestions, were summarized in a series of financing plans. The financing plan for roads is included for illustrative purposes as Table 4.

5.2 Transport Enterprises

17. In the case of transport enterprises, the solutions were more complex and it was consequently suggested that the government should initiate consultations with interested parties -- mainly public transport enterprises and the chambers of commerce -- with a view to issuing a White Paper: (i) clearly setting out government policy towards these enterprises; (ii) defining financial objectives; (iii) setting agreed financial targets; and (iv) establishing procedures for strengthening financial discipline and monitoring performance. In this connection, it was suggested that the consultations should, among other things, address the following issues:

(i) What degree of financial and management authority should the enterprises enjoy?

(ii) What should be the role of their Boards and what authority should they exercise?

(iii) How should the Boards be appointed and which interests should be represented on them ex officio?

(v) Is there a need to revise the capital structure of these enterprises after devaluation (the port authority had no properly approved capital structure)?

(vi) How should assets be depreciated to ensure the enterprises generated sufficient cash flow to replace assets?

(vii) Should any controls be exercised over borrowing arrangements, including use of involuntary supplier credit?

(viii) Which indices of performance should be set for these enterprises (rate of return on assets, operating ratios, etc.), how should they be monitored and what sanctions/inducements might be attached to facilitate compliance?

(ix) What role should MCW (or Ministry of Finance) perform regarding the management and monitoring of these enterprises?

Table 4: Road Sector Financing Plan

(TSh million)

Revenue:	1985/86	1986/87	Budget 1987	Proposed Financing Plan	
M.V. Taxes and Licenses	72.11	99.56	94.74	150.00	(a)
M.V. registration tax	8.04	8.54	12.66	13.00	(b)
M.V. transfer tax	36.20	38.15	55.28	10.00	(c)
M.V. road license	55.74	55.74	105.58	150.00	(d)
Road toll tax	122.88	137.63	156.08	-	(e)
Transport licensing fees	15.83	17.34	30.13	6.00	(f)
Import Duties & Sales Taxes					
Gasoline (premium)	(	(	(	(	
Gasoline (regular)	(684.30	(	(	(7,809.00	(g)
Diesel fuel	20.63	(	(	(	
Motor Vehicles	555.42	(3,500.00	(6,000.00	2,100.00	(h)
M.V. spare parts	214.56	(	(	700.00	(j)
Other items	211.28	(	(	750.00	(b)
Total Revenue	1,996.99	3,856.96	6,454.47	11,688.00	
Expenditure:					
Expenditure on roads	1,337.09	2,191.81	2,652.71	7,953.00	
Contribution to General Taxation	659.90	1,665.15	3,801.76	3,735.00	
Total Expenditure	1,996.99	3,856.96	6,454.47	11,688.00	
Shortfall of Regular Maintenance	(950.00)	(3,300.00)	(5,300.00)	-	

Notes:
- (a) Collection efficiency improved through better monitoring and revised tax structure.
- (b) No change.
- (c) Present tax replaced by requirement to re-register the vehicle at half the standard registration fee.
- (d) Collection efficiency improved through better monitoring.
- (e) Proposed to be eliminated due to poor collection performance.
- (f) Present tax replaced by nominal licensing fee to cover collection costs only.
- (g) Tax increased by TSh 5,300 million.
- (h) Revenue increased by lowering tax rates to reduce discretionary exemptions and avoidance.
- (j) Revenue increased by reducing sales tax levels to discourage avoidance.

(x) What institutional strengthening might be needed to ensure MCW -- or any other designated ministry -- could discharge the above duties effectively?

It is not easy to conduct such consultations. The process involves: preparation of an initial consultation document (outlining the scale of the problem being addressed in the consultations, summarizing the options available, setting down what the government is willing to do to improve matters, and then setting out the substantive issues to be discussed during the consultation process), orchestrating the consultations themselves and, based on the results of the consultations, drafting the ensuing White Paper summarizing the government's policy and clearing the way for the changes in laws and legislation -- and reform of the institutions -- needed to implement the new policy. In view of this complexity, it was suggested that the government might request technical assistance to finance a secretariat to help it to undertake the consultations.

6. Multi-Year Programming

18. The work in Tanzania stopped short of the extended analysis normally undertaken as part of a fully-fledged public expenditure review. The methodological framework nevertheless lends itself to such an analysis and provides an ideal way of examining the inter-action between sector level strategies/expenditures and the impact these have on the overall macro-economic resource envelope. For example, Table 4, the Road Sector Financing Plan, shows actual revenues and expenditures for 1985/86 and 1986/87, budgeted figures for 1987/88 and a generalized one year Proposed Financing Plan. In a public expenditure review, the latter figure would generally be replaced by a three to five year forward plan, showing the likely consequences -- in more specific temporal terms -- of the recommended changes in proposed expenditure levels and revenue mobilization.

19. The same format could also have been applied to airports and transport enterprises; the latter might have been treated separately. or could have been dealt with by treating separately the large, problematical enterprises (for which specific improvements had been recommended) and combining the

remaining enterprises into a broad residual. The individual financing plans -- or forward plans -- can then be fed back into the main framework tables to produce forward estimates of the net cash flow to/from government. Through an iterative process, the sectoral level strategies can then be revised/adapted to meet the macro level constraints associated with the overall resource envelope.

7. Conclusions for Methodology

20. In the case of Tanzania the above methodological framework proved quite helpful. It: (i) captured the government's attention by showing -- in quantitative terms -- the size of the financial problems affecting the government transport sector; (ii) focussed attention on the causes of poor financial performance; (iii) provided a framework within which to examine options; (iv) emphasized the importance of identifying clearly the financial implications of expenditure plans; and (v) showed the linkage between sectoral level expenditure decisions and the macro-economic fiscal balance. One aspect of the review was nevertheless not satisfactory; too much time was spent in the field assembling financial data and preparing the summary tables. As a result, too little time was spent developing options, exploring their consequences and discussing them with the government. The following section examines this question in more detail.

II. OTHER COUNTRIES

1. Objective

21. The question posed by the Tanzania sector study was whether it was possible to prepare the above summary tables on the basis of a desk study before undertaking any fieldwork. If this was feasible, it would enable the sector mission to: (i) develop a broad understanding of the financial performance of the sector before starting any fieldwork; and (ii) spend more time in the field examining options and discussing their implications with government officials. It was therefore decided to attempt to assemble summary tables for fourteen additional countries as follows:

Africa:

- Ethiopia
- Ghana
- Zaire

Asia:

- Indonesia
- Philippines
- Sri Lanka
- Thailand

Latin America & Caribbean:

- Argentina
- Colombia
- Costa Rica
- Jamaica

Europe, Middle East & W. Africa:

- Algeria
- Pakistan
- Tunisia

Source notes and comments on data quality are attached as Annex 1.

2. Data Collection and Sources

22. The initial work consisted of collating relevant information available from Bank files in Washington, reviewing this and extracting from it the required road revenues and expenditures, profit and loss, balance sheet and funds flow data, and pertinent points on their compilation. In the main, the information sources were secondary (Bank reports which included summaries of road revenues and expenditures, and trading and balance sheet analyses) rather than primary sources (government accounts, annual reports and audited accounts).

23. This initial tranche of work yielded about half the data required. Obtaining the remainder, so that the gaps could be filled, proved to be a slow process that took about a year. Some of the data were obtained direct from the head offices of transport enterprises, although most was collected by bank personnel on mission and staff from the Bank's field offices. In one case, a consultant was used to collect the necessary financial data in the field.

24. Naturally enough, the sources of data regarded as the most reliable were annual accounts, complete with notes on accounting policies and the compilation of specific items, audited by an international firm of public accountants. Unfortunately, only a small minority of the figures presented in this report have been extracted from such ideal sources. Other sources used consisted of:

(i) Audited annual accounts without explanatory notes.

(ii) Annual accounts audited by the local auditor-general's departments.

(iii) Draft and unaudited accounts.

(iv) Incomplete accounts, usually consisting of a profit and loss account only.

(v) Financial planning and budgeting documents.

(vi) Complete or summarized annual accounts quoted in Bank or consultants' reports.

3. **Quality of Data**

25. The varied and often doubtful sources of data described above must impose severe reservations concerning the reliability and quality of much of the data. Study of the individual reports, accounts and other documents confirmed this and revealed particular deficiencies and difficulties in interpretation. The main ones were:

(i) It was not always possible in the time available to collect complete data for the same financial year.

(ii) Statements of road revenues and expenditures were often ambiguous and it was not always possible to identify whether, for example, all taxes and user charges were included, or had been adjusted on the grounds that part of the user charge represented a general revenue tax.

(iii) There were many cases where the bases of depreciation were either not defined or appeared not to reflect asset values. There were few references to obsolescence or replacement costs.

(iv) The accounting treatment of foreign exchange movements varied widely and in some cases was ignored.

(v) Some of the Latin American accounts were compiled more on a cash than on an accruals basis and made no clear distinction between capital and operational expenditures.

(vi) Only in a few cases was there a split between interest on government and foreign loans. Similarly, the source of additional loan capital was often not stated. Some foreign loans are in effect concealed in the accounts in that the borrower is the government which in time lends to the enterprise in local currency.

(vii) Sometimes there was reference to government subsidies, but these were not quantified in the accounts. Their rationale was not always clear. Many enterprises are required by government to charge uneconomic rates to certain categories of users, including the government itself. Such subsidies by the enterprises were virtually never quantified.

4. Conclusions From the Numbers

26. Comments on the sources and quality of data indicate that there are major limitations on the conclusions that can be drawn from the summarized Financial Statements, Profit and Loss Accounts and Balance sheets collected during this study. In particular, the difficulty experienced in assembling figures for similar years, the widespread gaps in the information obtained on subsidies, the breakdown of interest payments and the sources/recipients of current year additions to, or repayments of, loan capital means that no meaningful attempt can usually be made on the basis of a desk study only to quantify monetary flows between enterprises and their governments.

27. Subject to the above qualifications, the figures nevertheless show that ten of the fourteen highways departments examined earned a surplus and made a net contribution to general government revenues (nine still did so after the shortfall of road maintenance had been taken in account) and in some cases the contributions were significant. Of the 75 transport enterprises or groups of enterprises examined, 26 recorded profits in the years' accounts analyzed, while 49 recorded losses. The financial years analyzed ranged from 82/83 to 87/88. The overall financial impact of the transport sector in these countries on the government's overall fiscal balance is summarized in Table 5.

28. If realistic depreciation had been provided in all accounts, it seems probable that some of the profits would have become losses. Hardly surprisingly, none of the railways were profitable. On the other hand airlines, airports and ports showed a roughly even split between profit makers and loss makers. In only six of the fourteen countries, did the aggregate results of the public transport sector show a profit. These countries were Philippines, Thailand, Argentina, Colombia, Costa Rica and Tunisia.

Table 5. Summary of Fiscal Flows To and From Government (a)

(U.S. $, million (b))

Country	Roads (c)	Airports	Ports	Railways	Airlines	Shipping	Bus/Rd Tpt
AFRICA:							
Ethiopia	(23.0)	(4.4)	15.4	(3.4)	(5.0)	0.0	-
Ghana	(59.7)	(2.2)	1.2	(7.7)	3.4	(14.5)	0.0
Tanzania	(31.4)	(1.3)	17.1	(92.0)	(1.3)	0.0	(1.5)
Zaire	(43.7)	(0.4)	(0.7)	0.0	0.0	0.0	-
ASIA:							
Indonesia	(44.4)	(12.2)	(5.4)	0.0	(290.0)	(112.9)	(6.3)
Philippines	64.3	(17.7)	0.0	(0.0)	0.0	-	-
Sri Lanka	33.1	1.5	9.5	(40.3)	0.0	(7.7)	(29.3)
Thailand	302.1	0.0	3.5	(4.3)	31.7	0.0	-
							4.0
LAC:							
Argentina	1,661.7	-	(9.5)	(423.7)	56.2	(14.6)	-
Colombia	(28.0)	(40.2)	(36.9)	(24.4)	-	0.0	-
Costa Rica	25.2	(0.1)	0.0	(2.5)	0.0	-	-
Jamaica	23.6	(5.1)	(0.3)	(3.0)	(4.1)	0.0	-
EMENA:							
Algeria	509.7	9.1	0.0	(182.5)	33.0	12.3	-
Pakistan	33.1	0.0	0.0	(38.5)	0.0	(16.3)	0.0
Tunisia	26.0	1.6	1.9	(15.0)	26.8	0.0	-

Notes: (a) Figures generally refer to different years.
(b) Local currency amounts converted into U.S. $ at the prevailing exchange rates.
(c) Including shortfall of regular maintenance.

5. Scope for Improving Data Quality

29. Clearly, if all the data had been extracted from audited annual accounts with full explanatory notes, the reliability which could be attached to the figures would be greatly enhanced. However, this would not have eliminated such grounds for reservation as:

(i) Badly controlled accounting systems.

(ii) Accounts qualified by the auditors.

(iii) Inadequate policies for treatment of depreciation, loan amortization, foreign exchange movements and the impact of hyper inflation.

(iv) The concealment of subsidies.

(v) The lack of breakdown of interest paid as between government and other lenders.

30. Even in developed Western countries, accounts-based comparisons between different enterprises in the same industry pose many awkward problems. Where the comparisons are across public sector enterprises from a broad mix of developing nations, the difficulties are magnified appreciably. These could no doubt be eased somewhat through examination of accounting systems and discussions with chief accountants and auditors. This could be a lengthy and costly procedure.

31. Provided a reasonable degree of cooperation was assured, perhaps chief financial officers could be requested to complete a return designed to elicit cash flow data central to the objectives of the exercise. In the case of roads, this would include the usual information on road revenues and expenditures (exclusive of any general revenue adjustments), together with an estimate (if feasible) of the shortfall in regular road maintenance. For transport enterprises, it would include:

(i) total revenue (showing clearly any current government subsidies)

(ii) estimated revenue lost due to government imposed "social obligations" (e.g. concessionary fares)

(iii) total working expenses (excluding depreciation and other items which do not involve cash movements);

(iv) net interest paid or received (showing clearly how much is paid to, or received from, government);

(v) local taxes paid (e.g. corporate tax, import duty on equipment, etc.);

(vi) surpluses transferred to government;

(vii) equity capital or non repayable grants subscribed by government during the financial year;

(viii) increase/decrease in overdraft or short term loans, provided, or guaranteed by government;

(ix) increase/decrease in long term loans from/to:

- government
- other domestic lenders
- foreign institutions.

This return would supplement, rather than replace, the annual accounts.

III. OVERALL CONCLUSIONS

32. Use of the above framework in Tanzania proved helpful and resulted in a sector review which went well beyond the financial issues normally considered in sector reports. In particular, it focused attention on revenue enhancement, the fiscal consequences of expenditure plans and the sector's impact on the government's overall fiscal balance. In this connection, the framework explicitly recognized the important link between transport sector activities and the overall macro-economic resource constraints within which they must operate. It thus emphasized the need in public expenditure analysis to formulate recommendations on the level and composition of transport sector expenditures in the context of overall resource constraints. In doing so, it furthermore looked at both sides of the balance: the setting of priorities for expenditures on the one hand, while being mindful of the need to enhance overall revenue mobilization on the other.

33. The subsequent review of 14 other countries showed that a usable -- though highly imperfect -- framework can be developed on the basis of a desk study before any fieldwork begins. Most of the documents required are already available in Bank files, can be fairly easily collected during the course of regular mission work, or collected by staff in the Bank's field offices. Ideally, this framework should be prepared by staff with accounting qualifications (perhaps by a Technical Assistant) and must then be clarified and elaborated on during the initial phases of any subsequent fieldwork. Clarification would include identifying sources of equity/loan capital, making subsidies more explicit, sorting out inconsistencies in accounting practices and establishing how many accounts receivable were really bad debts. This generally involves quite a lot of initial detective work. However, once this data has been assembled and the qualifications explained, future updating is easier and should take less time.

Attachment 1.

Draft Consultation Document
Improving and Maintaining Trunk Roads

Introduction

1. During the past few years the government has faced a severe fiscal crisis and this has meant, among other things, that the annual budget has left little room to meet the growing need for road maintenance and even less to deal with the enormous back-log of required rehabilitation work. A recent estimate suggests that the main trunk road network has deteriorated to the point where over 60 per cent of the paved main road network, and 75 per cent of the unpaved network, are now in poor condition. This has resulted in higher vehicle costs -- mainly through increased use of fuel and damage to the vehicle and tires -- and has also hampered the efficient movement of agricultural products in rural areas.

2. Failure to maintain roads to an adequate standard does not save money. It not only increases vehicle operating costs, but simply postpones the required expenditure to a future date. What is not done today has to be done tomorrow -- generally at a higher cost -- unless the roads are abandoned and allowed to deteriorate into earth tracks. With this concern in mind, the government has approached the World Bank and the rest of the Donor community and asked for help in bringing the road network back to a satisfactory condition. These agencies have agreed to do this, but have also pointed out that it makes no sense to rehabilitate a road when there are no financial resources available to maintain it. With this in mind the World Bank invited the government to put forward proposals for mobilizing the additional resources needed to maintain the rehabilitated trunk and essential rural road network in a stable long-term condition. This document outlines possible ways in which that might be achieved.

Scale of the Problem

3. The Ministry of Communications & Works has been working with World Bank staff and consultants to prepare a realistic road maintenance program. In

1987/88 the government budgeted to spend about T Sh 2,700 million on roads. Of this, about T Sh 2,380 was proposed to be spent on routine and periodic maintenance. It is our understanding that this figure would need to be increased to about T Sh 8,000 million to ensure maintenance was carried out to a satisfactory standard. This gives a measure of the scale of the crisis we are facing in the road sector. The challenge facing us is therefore that of finding ways to mobilize these resources in a manner that is acceptable to all the interested parties concerned and does not damage the country's long-term economic prospects.

Options Available

4. The options available for mobilizing additional revenue for road maintenance and rehabilitation are limited. Current revenues are principally derived from import duties and sales taxes on motor vehicles and spare parts, sales taxes on fuel, road toll taxes and motor vehicle taxes. One way of raising the needed revenue would be to raise all these taxes by a uniform amount. However, the government does not believe this would be the best solution. Some taxes are already high, particularly those on new vehicles, and increasing them still further would merely encourage tax avoidance and, worse still, tax evasion.

5. At the same time the government is mindful of the fact that fuel imports are not subject to import duties and that diesel fuel is also exempted from sales taxes. As a result, the price of fuel in Tanzania is significantly lower than in most other countries in the region. For example, the price of premium gasoline is nearly 5/- per liter lower than in Kenya, regular gasoline is 8/- lower, while the price of diesel fuel is over 11/- lower. Differences of this magnitude lead to fuel smuggling and do little to encourage fuel conservation. An alternative way of mobilizing the necessary revenue would therefore be to raise fuel prices, perhaps even to equalize them with those in Kenya at the current official exchange rate.

Government Intentions

6. Raising tax rates to generate more revenue for road maintenance and rehabilitation is only one part of the solution. Equally important is the need to ensure that tax revenues are raised efficiently, that the money voted for roads during the annual budgeting process is actually spent on roads and that the required maintenance and rehabilitation work is carried out in a cost-effective manner. With this in mind the government is therefore prepared to consider the following actions:

(i) Simplification of the present tax structure to remove anomalies and inconsistencies, reduction of the 50 per cent sales tax on motor vehicle spare parts as part of the government's action plan to reform the tariff and sales tax structure, and abolition of the road toll tax.

(ii) Thoroughly overhauling present procedures for controlling expenditures on roads, including an examination of the way the financial controllers in the Ministry of Works, Communications and Transport verify and certify that the work paid for by the Ministry has been carried out and completed to a satisfactory standard.

(iii) Introducing contracting of road resealing, regravelling and maintenance to ensure that such work is carried out on time, to a satisfactory standard and within agreed budgetary allocations.

Consultations

7. The government is now inviting comments from interested parties on the above proposals. At this stage the government has an open mind about how to proceed. The only fixed point is the urgent need to mobilize additional revenue to support a greatly expanded program of road maintenance and rehabilitation. With this as the starting point, the government would therefore value your views on the following questions:

- how can additional revenue be mobilized to finance a realistic level of road maintenance and rehabilitation
- would it be better to raise this revenue by raising all road user taxes, or by equalizing fuel prices with those in Kenya
- is it worth simplifying the present structure of road user taxes

- would anything be gained by reducing the present 50 per cent sales tax on spare parts
- what would be gained from abolishing the present road toll tax
- should the government review and strengthen control over road expenditures
- would it be desirable to undertake more road maintenance work by contract
- are there any other matters relating to the taxation of road vehicles, or the financing of roads, that need to be brought to the government's attention

ANNEX 1

Source Notes and Comments on Data Quality

SOURCE NOTES AND DATA QUALITY

1. ETHIOPIA

1.1. Sources

Road Revenues and Expenditures:
IRF Statistics.

Shortfall of Regular Maintenance:
Second Road Sector Project, SAR, June 1983, para. 2.28.

Ethiopian Airlines:
Annual Audited Account 1986 and 1987.

Civil Aviation Authority:
Draft income statement and balance sheet 1986/7 and 1987/8.

Marine Transport Authority:
Financial data included in Marine Transport Authority - Assab Port Development Study (Rendel, Palmer, and Tritton - Economic Studies Group, February 1988).

Maritime and Transit Services Corporation:
Annual Accounts for 1986 and 1987, but no supporting notes. The accounts of the two maritime enterprises were aggregated for presentational purposes.

Ethiopian Shipping Lines Corporation:
Annual audited accounts, excluding notes, 1985/86 and 1986/87.

Chemins de Fer Djibouti - Ethiopia:
IBRD Transport Corridor Analysis, Volume II (Report 6554-ET, December 1986).

1.2 Quality of Data

The Ethiopian Airlines accounts were audited, well presented and fully supported by notes. The auditors' qualifications related to uncertainty as to whether some Government funding was to be treated as equity or loan capital.

The Civil Aviation Authority accounts were unaudited; the balance sheet did not contain financing data and thus assumptions had to be made.

Accounting data of the other enterprises was presented in a conventional manner, but the lack of notes restricted interpretation.

1.3 Conclusions

Two of the transport enterprises, namely the airline and ports, achieved a satisfactory level of net profit, the latter after a heavy corporate tax expense.

The railways were unprofitable. It appears that depreciation provisions were linadequate. The railways relied on Government grants and extended debt to enable it to maintain and replace equipment.

The Civil Aviation Authority also recorded a loss, but after a depreciation charge that amounted to 52 percent of sales turnover. In the absence of notes to the accounts the reason for the apparent anomaly is not clear, but it seems likely that part of the depreciation related to an incomplete major development scheme.

2. GHANA

2.1 Sources

Road Revenues and Expenditures:
Revenue: Walker D., Issues in the Administration of Transport Taxes, INU Consultant Report, June 1988; Expenditure: Transport Rehabilitation Project, SAR, November 1987, Annex 2-12.

Shortfall of Regular Maintenance:
Transport Rehabilitation Project, SAR, November 1987, Annex 3-1, para. 7.

Ghana Airways Corporation:
Annual Accounts 1984 (audited) and 1985 (unaudited).

Ghana Civil Aviation Authority:
Annual Accounts for 1986 and 1987 drawn up by an unidentified firm of consultants from source accounting documents, and incorporated in a report on a Financial Information Study.

Ghana Ports and Harbours Authority:
IBRD Ports Rehabilitation Project, (report 5907 - GH, March 1986).

Black Star Line:
Audited Annual Accounts 1984 and 1985.

Ghana Railways Corporation:
IBRD Transport Rehabilitation Project (report 1912 - GH, November 1987).

Ghana State Transport Corporation, City Express Services and Omnibus Services Authority:
Report for Ministry of Transport and Communications on Financial Information Study of Bus Companies (Peat, Marwick & Co, December 1987). The figures for the three bus enterprises were aggregated.

2.2 Quality of Data

The Ghana Airways Corporation accounts were qualified by the auditors mainly on the grounds of inadequate control accounts. Generally though the accounting policies, bases and presentation appeared reasonable.

The Ghana Civil Aviation Authority accounts were compiled by consultants from source documents, in the absence of audited financial statements or up to date accounting records. The completeness, accuracy and authenticity of transactions were not checked. It is clear that the Authority's accounting systems were inadequate. We made some adjustments to the accounts produced by the consultants, in order to:

- include a depreciation charge which was referred to in the explanatory narrative.
- eliminate part of a Government subvention from the Profit and Loss Account as it related to capital expenditure.

It is clear that the reliability of the Civil Aviation Authority accounts is highly questionable.

The Black Star Line auditors expressed severe reservations regarding the accuracy of accounts receivable and payable on the balance sheet.

The Ghana Railways Corporation figures included estimates for the second half of the year.

The Bus Enterprise accounts were a mixture of audited and non-audited accounts. There were qualifications regarding the adequacy of provisions, whilst the auditors noted difficulty in interpretation due to three Cedi devaluations in two years.

2.3 Conclusions

The overall figures are dominated by the Railways, where 60% of revenue consisted of Government subsidies and the total of losses and subsidies amounted to C 1909M ($US 83M). Debt and share capital rose sharply (the source of this funding is not known), and working capital deteriorated.

The Shipping Line also recorded a substantial loss: C426M ($US 18.5M), which represented 82 percent of normal trading revenue. It was propped up by a massive injection of Government grants and loans.

The Bus Companies and the Civil Aviation Authority were heavy loss makers, the latter after taking account of Government subvention of C248M ($US 10.8M).

The Airline and Ports Authority both recorded net profits, but in the latter case it appears that the profit was exaggerated as the result of an inadequate depreciation provision.

3. ZAIRE

3.1 Sources

Road Revenues and Expenditures:
Transport Sector Memorandum, August 1986, Table 14 (revenue); no consistent source (expenditures).

Shortfall of Regular Maintenance:
Transport Sector Memorandum, August 1986, para. 4.56.

Office National des Transports (ports plus part of the railway system) and Societe Nationale des Chemins de Fer Zairois (major part of the railway system):
Analyses prepared by C. Lyle of Africa Department from audited accounts.

Air Zaire, La Regie des Voies Aeriennes (airports), La Regie des Maritimes (ports offshore activities such as pilotage, towage and dredging), La Regie des Voies Fluviales (marine surveys, buoy maintenance and dredging) and Compagnie Maritime Zarois (shipping):
Etudes Sur la Reforme des Enterprises Publiques, Coopers & Lybrand February 1988.

The ports figures incorporate those of the rail services operated by Office National des Transports; and also those of the two enterprises concerned with marine activities.

3.2 Quality of Data

Coopers & Lybrand were critical of internal controls in the airlines and airports accounting and in ONATRA and SNCZ.

La Regie des Voies Aeriennes did not have external auditors.

We did not have access to notes to the annual accounts, which would have facilitated interpretation. However, the following exceptional items were noted:

- the Balance Sheet movements of Air Zaire are averaged between 1984 and 1986 figures, as no figures were available for 1985; and

- revaluation of airports authority fixed assets in 1986 led to a write-up of Z1,500 million, and an additional charge to depreciation of Z223 million.

3.3 Conclusions

All transport enterprises showed losses, the dominant ones being Air Zaire, which lost Z2,366M ($US 11.3M) and the railways which lost Z6,204M ($US29.5M). In the case of the railways, exceptionally heavy provisions appear to have been a major contributory factor to the heavy loss.

The extent of Governmental financial support is unclear.

Stretched working capital and/or substantial increases in debt were noticeable in airlines, ports and railways.

4. INDONESIA

4.1 Sources

Road Revenues and Expenditures:
Land Transport Subsector Review, Sector Report, September 1987, Table 3.15 (revenues); Table 3-13 (expenditures).

Shortfall of Regular Maintenance:
Highway Maintenance Review, Sector Report, July 1988, Table 8.2 (adjusted to 1985/86 prices).

All the remaining data have been derived from the IBRD report entitled 'Indonesia Transportation Sector Review: A Survey of State-Owned Transport Enterprises' prepared by the East Asia Projects Department in April 1987. An annex to this report contained Profit and Loss Accounts and Balance Sheets for most of the transport enterprises. The source for these data was 'Data on State Managed Transport Organizations - Bureau of State Enterprises MOC 1986'.

The data presented relate to the following enterprises and have been aggregated within their respective transport modes where appropriate:

Airlines
Garuda Indonesian Airways

Airports
Perum Angkasa Pura

Ports
Perum Pelabulham I,II,III, and IV
Perum Pengurukan (Dredging Company)
PT Varuna Tirta Prakasya (freight forwarding and stevedoring).

Shipping
PT Pelayaram Nasional Indonesia
PT Djakarta Lloyd

PT Bahtera Adhiguna
PT Biro Klasifikasi Indonesia (ship classification, registration and surveys).

Railways
Perjam Kerete Api
Buses
Perum Angkutan Motor DAMRI
Perum Pengankutan Penumpang Djakarta

4.2 Quality of Data

We understand there is a tendency for current expenditure to be understated in the accounts. For example, employers pension contributions may be excluded.

There were several instances where no depreciation was charged against the year's revenue. We therefore estimated depreciation and adjusted the Profit and Loss Accounts and Balance Sheets, on the following bases:

- Garuda: the percentage of depreciation to fixed assets included on earlier years' accounts; and
- Perum Pelabuhan III and IV, PT Djakarta Lloyd P.T. Bahtera Adjiguna: average depreciation rates used by the other ports or shipping lines respectively.

The figures shown under shipping are the aggregate of P.T. Djakarta Lloyd and P.T. Biro Klasifikasi for 1982, P.T. Bahtera Adhiguna for 1983 and P.T. Pelayaram Nasional Indonesia for 1984.

The Government apparently provides operating subsidies to the bus companies, but these were not quantified in the accounts.

4.3 Conclusions

All transport enterprises, apart from the Airports Authority, recorded losses. These appear to have been sustained in the main by Government capital injections amounting to R440,000M ($US 257M).

75 percent of the overall loss was attributable to Garuda Airways, whose loss of R239,231M ($US 140M) represented 35 percent of sales revenue.

5. PHILIPPINES

5.1 Sources

Road Revenues and Expenditures:
Transport Sector Review, Sector Report, May 1987, Table 2.3.

Shortfall of Regular Maintenance:
Based on discussions with regional staff.

Philippine Airlines:
Annual Accounts 1986-87.

Manila International Airport Authority:
Annual Accounts 1986-87, but excluding notes to the accounts.

Bureau of Air Transportation:
The only data obtained from the 'Budget of Expenditure Source of Financing, Fiscal Year 1988' was

	1987 Projected (Peso '000)
Income	105,997
Operating expenditure	219,876

These income and expenditure figures have been aggregated with the Manila International Airport figures on the schedules.

Philippine Ports Authority:
Annual Accounts 1985-86.

Philippine National Railways:
Budget preparation documents compiled by the Department of Budget and Management. These contained unaudited Profit and Loss and Balance Sheet data for 1987.

Light Rail Transit Authority:
Annual Report and Accounts 1986.

The figures for the two railway authorities were aggregated.

5.3 Quality of Data

Most of the data was presented in a conventional and clear manner, and conveyed the impression of reliability.

In the Philippines Airlines accounts, interest and foreign exchange losses on loans for capital purchases and works are capitalized. Likewise, in the Light Rail Transit Authority accounts, assets, liabilities and depreciation are expressed, where appropriate, after adjustments for foreign exchange movements. These were the only sets of accounts that included detailed notes. The probable inference is that such adjustments are normal practice in public sector accounts in the Philippines.

The main effect of the absence of detailed accounts for the Bureau of Air Transportation is that the Balance Sheet excludes funding of the deficit for the year of Peso 113,879,000.

5.4 Conclusions

In aggregate, the transport enterprises showed a profit of P 247M ($US 12M). Port operations appeared particularly profitable, showing a net return of 33% on revenue.

Railways were the disaster area. Despite being subsidized to the tune of P 123M ($US 6M) they lost P 166M ($US 13M). The railways balance sheets showed a deterioration in working capital and a large injection of debt.

6. SRI LANKA

6.1 Sources

Road Revenues and Expenditures:
Transport Sector Planning Study, Louis Berger, et al. Vol. 4, September 1987 (revenues adjusted to include general taxes).

Shortfall of Regular Maintenance:
Transport Sector Planning Study, Louis Berger et al. Vol. 4, September 1987, p. 7-34.

Air Lanka:
Annual Report and Accounts 1986 and 1987.

Airport and Aviation Services (Sri Lanka) Ltd.
Annual Report and Accounts 1986 and 1987.

Sri Lanka Port Authority
Annual Report and Accounts 1986 and 1987.

Ceylon Shipping Corporation:
Annual Report and Accounts 1984 and 1985.

Sri Lankan Railways:
Summarized Operating Accounts, but no Balance Sheet extracted from Transport Section Planning Study (Louis Berger International, 1988).

Combined Regional Transport Boards and Sri Lanka Central Transport Board:
Operating Accounts, but no Balance Sheet extracted from Sri Lanka Transport Sector Planning Study (Louis Berger International, August 1987).

6.2 Quality of Data

The airlines, airports and ports accounts appeared to be compiled and presented in a conventional manner. The other data were sparse and without supporting notes.

6.3 Conclusions

Heavy losses, amounting in total to R2581M ($US 79), were recorded by airlines, shipping, railways and road transport. Due to the paucity of the data obtained in respect of these modes, no clear conclusions can be drawn regarding the extent of subsidies or the impact of the losses on balance sheets.

The Ports Authority made a satisfactory return on revenue, if not on capital employed.

The airports and aviation services accounts are difficult to interpret, as a large slice of revenue collected (embarkation tax) is handed over to the government. It is not clear to what extent the authority incurs expenses that generate this revenue. If the revenue handed over is excluded from the Profit and Loss account, the result would be about breakeven. Notes to the accounts state that the Air Navigation Act will be amended so that the proportion of Embarkation Tax accruing to the government will in future be retained by the authority.

7. THAILAND

7.1 Sources

Road Revenues and Expenditures:
Highway Sector Project, SAR, November 1987, Table 2.6 (revenue) and Table 2.5 (expenditure).

Shortfall of Regular Maintenance:
Transport Sector Review, June 1985, paras. 1.09 and 1.37.

Thai Airways International:
Annual Audited Accounts 1986 and 1987.

Airports Authority of Thailand
Annual Reports and Audited Accounts 1984 and 1985 (no notes).

Port Authority of Thailand:
IBRD Transport Sector Review (Report 4950 - TH, June 1985)

Thai Maritime Navigation Company:
Profit and Loss Statement 1985 (no notes).

State Railway of Thailand:
Annual Audited Accounts 1984 and 1985, exclusive of notes to the accounts.

7.2 Quality of Data

The data were presented in a conventional manner and appeared to be satisfactory. The main reservation is that, with the exception of Thai Airways International, there were no notes to the accounts.

7.3 Conclusions

Airlines, airports and ports all achieved satisfactory profits, after contributing over B1,000 M ($US 39M) in taxes. The aviation modes incurred substantial increases in debt, but this was to finance capital development.

The railways were extremely unprofitable, the net loss amounting to 34 percent of revenue. The loss of B1,114 M ($US 44M) was funded by a large increase in debt.

8. ARGENTINIA

8.1 Sources

Road Revenues and Expenditures:
Allocation to Users of the Cost of the Road System, Subsecretariat for Planning Transport, September 1986, p.59 (revenues); IRF Statistics (costs).

Shortfall of Regular Maintenance:
Based on discussions with regional staff.

Aerolineas Argentinas:
Provisional Annual Accounts 1986.

General Ports Administration:
IBRD 'Transport Sector Enterprises - sector work for yellow cover review meeting' (March 1988).

Empresa Lineas Maritimas Argentinas SA
Audited Annual Accounts 1986-87 and 1987-88.

Ferrocarriles Argentinos:
Memoria Y Balance 1985 and IBRD Transport Sector Public Enterprises, Volume II Annexes, (report 7496-AR, October 1988).

8.2 Quality of Data

All the accounts were difficult to interpret and suspect due to unconventional treatment of capital costs, extraordinary items, interest, exchange losses and the effect of inflation.

The Aerolineas Argentinas accounts were provisional. There was no balance sheet, or notes to the accounts.

The IBRD produced ports accounts carried a footnote to the effect that figures were order of magnitude only due to problems of inflation accounting and adjusting figures to a common monetary value.

The shipping line accounts included lengthy notes in Spanish. These were not examined in detail.

The railways profit and loss account contained several large extraordinary items including proceeds of sale of scrap iron and loss on property disposals. These have been excluded from the figures presented. No source and application of funds statement or previous year balance sheet were available, apart from 1984 summary balance sheet figures, adjusted to end 1985 values, in the IBRD report. These were not used as no other figures in this report are inflation adjusted.

8.3 Conclusions

The railways lost over AA 1,000M ($US 83M) after adding back the huge government subsidy. Nearly half the loss is attributable to unfavorable foreign exchange movements.

The net profit shown on the airlines accounts is illusory as no depreciation or leasing costs are shown.

9. COLOMBIA

9.1 Sources

Road Revenues and Expenditures:
Second National Highways Sector Project, SAR, May 1987.
Table 2.5

Shortfall of Regular Maintenance:
Second National Highways Sector Project, SAR, May 1987, paras. 3.04, 3.05. Present maintenance judged adequate.

Civil Aviation Authority:
IBRD Project Completion Report - Colombia Domestic Aviation Development Project (report 6416, September 1986).

Colombian Ports Authority:
Annual Report and Accounts (for 1985 and 1986) prepared by Controller-General Office.

Flota Mercante Grancolombiana SA:
Audited Annual Accounts and Report for 1986 and 1987.

Colombia National Railway:
IBRD Transport Sector Strategy Paper (report 5776 - CO, May 1987)

9.2 Quality of Data

The Ports Authority and Shipping Line accounts were detailed and conventional and ought to portray a true and fair view.

Adjustments in the Ports Authority accounts for use of the ports by the army have been excluded, as these were designated as 'extraordinary items'.

The large figure for provisions in the balance sheet of the shipping line represents accrued long term retirement pensions and expenses.

The IBRD report from which the Civil Aviation Authority figures were extracted contained several qualifications, in particular:

- no external auditors had been appointed;
- the accounting records were inadequate for control of a civil aviation authority and considerable difficulties were encountered in compiling the figures; and
- fixed assets are undervalued due to the lack of an asset revaluation. Depreciation charges are too low for the same reason and because no depreciation had been charged against several completed project components.

For the railway only a summarized application and source of funds statement was available. Thus the data shown was limited and there was no indication as to its reliability.

9.3 Conclusions

The Ports Authority and the Shipping Line were profitable. In the case of the Ports Authority this appears to have been a turnaround in its fortunes as the Balance Sheet still showed a cumulative deficit of CP 5916 M ($US 19M). The substantial injection of government debt suggests funding for a development scheme rather than shoring up the balance sheet.

The 50 percent plus return on revenue shown in the Civil Aviation Authority figures is entirely fallacious, in view of the heavy Government subsidy and the inadequacy of the depreciation allowance.

The virtual breakeven shown in the railways profit and loss account is also spurious. Elimination of the Government subsidy and inclusion of a reasonable figure for depreciation would indicate an operating deficit of some $US 25M.

Noteworthy overall is the low level of interest paid. Three of the modes were in fact interest earners on balance. Interest received has been included as revenue.

10. COSTA RICA

10.1 Sources

Road Revenues and Expenditures:
Department of Economic Studies, General Directorate of Planning, MOPT, San Jose, 1989 (revenues); Transport Sector Project, SAR, October 1988 (white), Tables 2.2 and 2.3 (expenditures).

Shortfall of Regular Maintenance:
Based on discussions with regional staff.

Lineas Aereas Costarricenses:
Annual Report and Accounts 1986 and 1987

Instituto Costarricense de Puertos del Pacifico and Junita de Administraction Portuaria y de Desarrollo de la Vertiente Atlantica:
Annual Accounts 1985 and 1986, but no supporting notes. Figures for the two enterprises were aggregated.

Instituto Costarricense de Ferrocarriles:
Annual Accounts 1986 and 1987, but no supporting notes.

10.2 Quality of Data

The absence of notes concerning the bases of accounting on all but the Airline Accounts imposed a limitation on interpretation.

Evidently the ports' surplus shown on the accounts is exaggerated as no infrastructure depreciation provision is made. No depreciation is shown in the railways' accounts, but this may be included in the working expenses figure.

The Airline Accounts were in $US and have been converted into colons at the rate of C77 = $US1 (September 88).

10.3 Conclusions

The aggregate profit of C292M ($US 3.8M) would probably be eliminated if adequate depreciation provisions were made.

The railways were subsidized to the tune of C 333M ($US 4.3M) but still showed a loss of C 183M ($US 2.4M). Like the airlines, its working capital was significantly stretched.

11. JAMAICA

11.1 Sources

Road Revenues and Expenditures:
Highway Maintenance Project, SAR, April 1983, Table 2.3

Shortfall of Regular Maintenance:
Highway Maintenance Project, SAR, April 1983, Table 3.1

IBRD memorandum on Transport: Public Sector Enterprises (report 6178 - JM) June 1986) provided the source of data for all the enterprises, namely:

- Air Jamaica;
- Airport Authority of Jamaica;
- Port Authority of Jamaica;
- Jamaica Merchant Marine, incorporating JMM Atlantic Line; and
- Jamaican Railways Corporation.

11.2 Quality of Data

Lack of notes to the accounts hindered interpretation.

The report casts doubt as to whether the accounts of Jamaican Railways Corporation, which were unaudited, give a true and fair view. The balance sheet data for the corporation were compiled from a forecast funds flow statement and thus must be treated with reserve.

It appears that all the accounts are heavily affected by Jamaica Dollar devaluations, foreign exchange provisions or assets revaluations.

11.3 Conclusions

All transport enterprises showed losses, the total being $J 119M ($US 22M). 57 percent of the loss was attributable to Air Jamaica. Additional debt amounted overall to + or -$J350M ($US 65M).

We obtained virtually no information on financial flows to and from Government.

12. ALGERIA

12.1 Sources

Road Revenues and Expenditures:
Fifth Highway Project, SAR, December 1986, para. 2.36 (revenue) and para. 2.31 (expenditures).

Shortfall of Regular Maintenance:
Fifth Highway Project, SAR, December 1986, para. 2 35 (adjusted to 1984 prices).

Air Algeria, Enterprise Nationale D'Exploitation et de Securite, Aeronautiques, and Societe Nationale Transports Maritimes:
Plan Comptable Generale type accounts, without supporting notes, supplied by Bank staff.

Enterprises Portuaires:
Summary profit and loss account, but no Balance Sheet, extracted from IBRD Draft Staff Appraisal Report, Proposed Third Port Project.

Societe Nationale des Transports Ferroviaires:
IBRD Staff Appraisal Report, Second Railway Project (January 1988).

12.2 Quality of Data

The Plan Comptable Generale Accounts were presented in a standards format, but in the absence of any supporting notes it was not possible to assess the compilation of the numbers. Parts of the shipping accounts were illegible, so it was necessary to resort to supposition to complete the Balance Sheet.

The ports data was basic and there were no notes.

The railway accounts appeared to be adequate.

12.3 Conclusions

Air Algeria and the Airports and Ports Authorities all recorded profits, but these were dwarfed by large losses from shipping (D 365M = $US 57M) and Railways (D 799M = $US 125M).

The enterprises charged a total of D 427M ($US 67M) taxes in their Profit and Loss Accounts. This partly mitigates the Shipping and Railways losses. The Railways did, however, receive subsidies of D 238M ($US 37M) and a share capital injection of D 788M ($US 123M).

Both the Shipping and Railways enterprises substantially increased their debt liabilities.

13. PAKISTAN

13.1 Sources

Road Revenues and Expenditures:
Issues and Options in the Transport sector, Sector Report, May 1987. Table IV.7 (revenues); Table IV.5 (expenditures).

Shortfall of Regular Maintenance:
Issues and Options in the Transport Sector, Sector Report, May 1987, Table IV.5.

Pakistan International Airlines:
Annual Report and Accounts 1986-87.

Civil Aviation Authority:
CAA Revised Financial Plan, May 1985.

Karachi Port Trust:
Summarized Accounts, being extracts from a financial planning document prepared in 1988 and supplied by Bank staff.

Port Qasim Authority:
Extracts from audited accounts 1986-87.

Pakistan National Shipping Corporation:
Report and Accounts for 1985.

Pakistan Railways:
Annual Accounts for 1986-87 (unaudited).

Punjab Road Transport Board, Punjab Road Transport Corporation, Punjab Road Transport Corporation (interCity) and Punjab Urban Transport Corporation:
Extracts from annual accounts which only in the case of Punjab Urban Transport Corporation include an auditors' report.

13.2 Quality of Data

Data on the airline, ports and shipping line appeared to be satisfactory. The other modes were less than adequate for the following reasons:

- historical accounting data in the CAA Financial Plan was extremely meager. Cost figures were exclusive of depreciation;

- Pakistan Railways is a Government Department and thus does not produce commercial type accounts. Whilst the Profit and loss data is probably reliable, the balance Sheet data is particularly suspect as it was constructed from sundry capital and funds flow accounts; and

- accounts of the road transport enterprises were badly presented and difficult to decipher. The one auditors report stressed poor internal control system. The Balance Sheet for Punjab Urban Transport Corporation was missing from the set of accounts.

13.3 Conclusions

The railways lost R1332M ($US 74M) on revenue of R4921M. Ports and road transport also made heavy losses, but these were about matched by a similar magnitude of profits from PIA and the Civil Aviation Authority.

It appears that Government contributed at least R 1000M ($US 56M) to share capital of the loss makers. We gleaned no information about direct subsidies.

PIA, the Port Authorities, the railways and the road transport enterprises all showed deteriorating working capital. The railways also increased debt by Rs 897M ($US 50M).

14. TUNISIA

15.1 Sources

Road Revenues and Expenditures:
IRF Statistics (revenue); Highways Maintenance and Rehabilitation Project, SAR, November 1987, Annex (expenditures).

Shortfall of Regular Maintenance:
Highways Maintenance and Rehabilitation Project, SAR, November 1987, para. 3.13.

All the data were extracted from analyses of audited accounts of public sector enterprises produced in Tunisia and acquired during a mission. The enterprises consisted of:

- Tunis Air and Tunisavia, which were aggregated;
- Office des Ports Aeriena de Tunisie;
- Office des Ports Nationaix Tunisienne;
- Compagnie Tunisienne de Navigation; and
- Societe National des Chemins de Fer Tunisienne.

15.2 Quality of Data

There were no comments or notes to the accounts appended to the analyses. The consistency of presentation, however, suggests that the data should be reliable.

15.3 Conclusions

The transport enterprises made an aggregate loss of D 8.8M ($US 9.8M), although this was after charging taxes of D27.1M ($US 30.1M) against their Profit and Loss Accounts.

Railways were by far the most unprofitable showing a loss of D5.9M ($US 6.6M) after receiving a subsidy of D15.4M ($US 17.1M).

Net current assets of both ports and railways declined by D 10M, but in both cases it appears that there was substantial expenditure on capital investment.

TABLE A.1 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: ETHIOPIA

(Birr '000)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1988	FROM (TO) GOVT	1987	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:													
REVENUE	87,200		391,221		13,573		166,069		102,574		23,307		783,944
of which Govt' subsidies						150							
WORKING EXPENSES	121,700		289,229		8,984		91,172		78,663		26,542		616,290
of which taxes													
DEPRECIATION			45,162		7,029		14,014		11,675		553		78,433
FOREX & OTHER PROVISIONS (GAINS)			14,000										14,000
INTEREST PAID : NET			22,189				500		9,278		527		32,494
of which to Govt'													
CORPORATE TAX							31,942	(31,942)					31,942
SHORTFALL OF REGULAR MAINTENANCE	14,800												14,800
TOTAL EXPENSES	136,500		370,580		16,013		137,628		99,616		27,622		787,959
NET PROFIT (LOSS)	(49,300)	49,300	20,641		(2,440)		28,441		2,958		(4,315)		(4,015)
BALANCE SHEET MOVEMENTS:													
INCREASE (DECREASE) IN : NET FIXED ASSESTS & INVESTMENTS			(6,796)		10,778		20,288		(1,284)		20,406		43,439
WORKING CAPITAL			10,718		(1,752)		(21,378)		4,6[illegible]		1,759		(6,012)
TOTAL ASSETS			3,922		9,026		(1,092)		3,407		22,164		37,427
FINANCED BY NET INCREASE (DECREASE) IN: SHARE CAPITAL & GRANTS			12,047	12,047	9,026	9,026	500				7,068	7,068	28,641
RETAINED EARNINGS/RESERVES			9,508				2,100		296		1,903		13,607
DEBT INSTRUMENTS			(17,438)				(3,692)		3,111		13,193		(4,821)
PROVISIONS													0
TOTAL FINANCING			3,922		9,026		(1,092)		3,407		22,164		37,427
CASH FLOW TO (FROM) GOVERNMENT: INCLUDING SHORTFALL OF MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE													Not Applicable (a)
EXCLUDING SHORTFALL OF MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE													Not Applicable (a)

Notes: (a) Range of years is too wide.

TABLE A.2 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: GHANA

(Cedi, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		BUSES		TOTAL
	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1984	FROM (TO) GOVT	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:															
REVENUE	4,560		2,688		875		669		591 (a)		1,876		1,648		12,902
of which Govt' subsidies						248						1,130			
WORKING EXPENSES	13,341		2,272		339		396		943		2,107		1,462		20,860
of which taxes								(37)							
DEPRECIATION			31		576		4		31		528		202		1,374
FOREX & OTHER PROVISIONS (GAINS)			130		6				31				97		264
INTEREST PAID : NET			22		75				12		20		93		222
of which to Govt'															
CORPORATE TAX			114	(114)											114
SHORTFALL OF REGULAR MAINTENANCE	0														0
TOTAL EXPENSES	13,341		2,571		996		400		1,017		2,655		1,854		22,834
NET PROFIT (LOSS)	(8,781)	8,781	112		(121)		269		(426)		(779)		(206)		(9,932)
BALANCE SHEET MOVEMENTS:															
INCREASE (DECREASE) IN :															
NET FIXED ASSESTS & INVESTMENTS			163		(491)		48		(29)		5,308		856		5,855
WORKING CAPITAL			(113)		371		197		(472)		(162)		(648)		(827)
TOTAL ASSETS			50		(120)		245		(501)		5,146		208		5,028
FINANCED BY NET INCREASE (DECREASE) IN:															
SHARE CAPITAL & GRANTS					72	72			785	(b) 785	2,831				3,688
RETAINED EARNINGS/RESERVES			112		(120)		203		(972)				(537)		(1,314)
DEBT INSTRUMENTS			(62)	(68)	(72)		(5)	(5)			2,315		745		2,921
PROVISIONS							47		(314)						(267)
TOTAL FINANCING			50		(120)		245		(501)		5,146		208		5,028
CASH FLOW TO (FROM) GOVERNMENT:															
INCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE															Not Applicable (c)
EXCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE															Not Applicable (c)

Notes: (a) Includes Cedi 27 million on sale of assets.
(b) Grants and loans split not shown.
(c) Range of years is too wide.

TABLE A.3 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: ZAIRE

(Zaire, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1985	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:													
REVENUE	2,656		3,499		515		6,833		2,495		8,173		24,171
of which Govt' subsidies						25		23					
WORKING EXPENSES	4,634		4,227		339		5,721		2,316		6,923		24,160
of which taxes													
DEPRECIATION			662		250		1,700		23		2,973		5,608
FOREX & OTHER PROVISIONS (GAINS)			802				(465)		163		4,150		4,650
INTEREST PAID : NET			174				611				331		1,116
of which to Govt'													
CORPORATE TAX													0
SHORTFALL OF REGULAR MAINTENANCE	200												200
TOTAL EXPENSES	4,834		5,865		589		7,567		2,502		14,377		35,734
NET PROFIT (LOSS)	(2,178)	2,178	(2,366)		(74)		(734)		(7)		(6,204)		(11,563)
BALANCE SHEET MOVEMENTS:													
INCREASE (DECREASE) IN :													
NET FIXED ASSESTS & INVESTMENTS			(2,008)		1,324		9,026				14,704		23,046
WORKING CAPITAL			(2,037)		83		(652)				140		(2,466)
TOTAL ASSETS			(4,045)		1,407		8,374		0		14,844		20,580
FINANCED BY NET INCREASE (DECREASE) IN:													
SHARE CAPITAL & GRANTS			(4,034)		(127)		(804)	19					(4,965)
RETAINED EARNINGS/RESERVES			(11)		(69)		574				(6,204)		(5,710)
DEBT INSTRUMENTS							4,218				2,241		6,459
PROVISIONS					1,603		4,386				18,807		24,796
TOTAL FINANCING			(4,045)		1,407		8,374		0		14,844		20,580

CASH FLOW TO (FROM) GOVERNMENT (a):	
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	(3,212)
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)	(6.4)
EXCLUDING SHORTFALL OF REGULAR MAINTENANCE	(2,923)
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)	(5.8)

Notes: (a) Figures for roads have been adjusted to 1986 prices.

TABLE A.4 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: INDONESIA

(Rupiah, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		BUSES		TOTAL
	1985/86	FROM (TO) GOVT	1984	FROM (TO) GOVT	1984	FROM (TO) GOVT	1984	FROM (TO) GOVT	1982-4	FROM (TO) GOVT	1983	FROM (TO) GOVT	1984	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:															
REVENUE	1,115,800		674,013		37,158		139,325		150,409		69,179		44,438		2,230,322
of which Govt' subsidies															
WORKING EXPENSES	948,900		678,841		20,690		114,558		159,271		106,041		39,445		2,067,746
of which taxes															
DEPRECIATION			139,000		6,384		22,434		13,010		8,274		10,390		199,492
FOREX & OTHER PROVISIONS (GAINS)															0
INTEREST PAID : NET			95,403		1,271		3,380		43		6,060				106,157
of which to Govt'															
CORPORATE TAX					4,350	(4,350)	2,658	(2,658)	172	(172)			38	(38)	7,218
SHORTFALL OF REGULAR MAINTENANCE	220,000														220,000
TOTAL EXPENSES	1,168,900		913,244		32,695		143,030		172,496		120,375		49,873		2,600,613
NET PROFIT (LOSS)	(53,100)	53,100	(239,231)		4,463		(3,705)		(22,087)		(51,196)		(5,435)		(370,291)
BALANCE SHEET MOVEMENTS:															
INCREASE (DECREASE) IN:															
NET FIXED ASSESTS & INVESTMENTS			(268,914)		8,106		(9,706)		103,750		204,140		(1,416)		35,960
WORKING CAPITAL			19,066		9,400		9,448		5,316		8,618		1,367		53,215
TOTAL ASSETS			(249,848)		17,506		(258)		109,066		212,758		(49)		89,175
FINANCED BY NET INCREASE (DECREASE) IN:															
SHARE CAPITAL & GRANTS			160,000	160,000	16,860	16,860	8,201	8,249	102,849	102,849	198,961		5,837	5,837	487,708
RETAINED EARNINGS/RESERVES			(29,482)		1		(4,718)		(71,830)		9,995		(5,894)		(101,923)
DEBT INSTRUMENTS			66,266	144,516	(3,782)		1,151		1,766				8	631	65,409
PROVISIONS			(446,632)		4,427		103		76,281		3,802				(362,019)
TOTAL FINANCING			(249,848)		17,506		(258)		109,066		212,758		(49)		89,175
CASH FLOW TO (FROM) GOVERNMENT:															
INCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE															Not Applicable (a)
EXCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE															Not Applicable (a)

Notes: (a) Range of years is too wide.

TABLE A.5 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: PHILIPPINES

(Pesos '000)

	ROADS		AIRLINES		AIRPORTS		PORTS		RAILWAYS		TOTAL
	1986	FROM (TO) GOVT	1987	FROM (TO) GOVT	1987	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986/7	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:											
REVENUE	7,608,000		10,054,928 (a)		575,108		783,700		493,053		19,514,789
of which Govt' subsidies										108,700	
WORKING EXPENSES	6,298,000		7,882,601		513,615		229,460		322,556		15,246,232
of which taxes						(76,711)					
DEPRECIATION			645,310		101,212		159,260		202,376		1,108,158
FOREX & OTHER PROVISIONS (GAINS)			140,009								140,009
INTEREST PAID : NET			1,068,880		26,581		133,660		234,064		1,463,185
of which to Govt'											
CORPORATE TAX											0
SHORTFALL OF REGULAR MAINTENANCE	0										0
TOTAL EXPENSES	6,298,000		9,736,800		641,408		522,380		758,996		17,957,584
NET PROFIT (LOSS)	1,310,000	(1,310,000)	318,128		(66,300)		261,320		(265,943)		1,557,205
BALANCE SHEET MOVEMENTS:											
INCREASE (DECREASE) IN:											
NET FIXED ASSESTS & INVESTMENTS			148,263		313,858		3,761,580		1,913,473		6,137,174
WORKING CAPITAL			1,099,459		128,808		248,480		(409,111)		1,067,636
TOTAL ASSETS			1,247,722		442,666		4,010,060		1,504,362		7,204,810
FINANCED BY NET INCREASE (DECREASE) IN:											
SHARE CAPITAL & GRANTS					441,670	441,670			14,152	14,152	455,822
RETAINED EARNINGS/RESERVES			490,350		42,396		2,055,690		(374,613)		2,213,823
DEBT INSTRUMENTS			757,372		(41,440)		1,954,370 (b)		1,864,823		4,535,125
PROVISIONS											
TOTAL FINANCING			1,247,722		442,626		4,010,060		1,504,362		7,204,770
CASH FLOW TO (FROM) GOVERNMENT (c):											
INCLUDING SHORTFALL OF REGULAR MAINTENANCE											835,448
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)											1.1
EXCLUDING SHORTFALL OF REGULAR MAINTENANCE											835,448
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)											1.1

Notes: (a) Includes lease charges 727,716.
(b) Includes loan revaluation of 1,794,400.
(c) Figures for airlines and airports adjusted to 1986 prices.

TABLE A.6 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: SRI LANKA

(Rupees, million)

	ROADS		RAILWAYS		BUSES		AIRLINES		AIRPORTS		PORTS		SHIPPING		TOTAL
	1985	FROM (TO) GOVT	1985	FROM (TO) GOVT	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1987	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:															
REVENUE	3,934		483		2,374		4,083		187		1,969		2,693		15,723
of which Govt' subsidies						320				(43)					
WORKING EXPENSES	878		1,085		2,733		3,148		144		1,078		2,445		11,511
of which taxes				(19)						(2)		(96)		(22)	
DEPRECIATION			69		108		566		9		214		119		1,085
FOREX & OTHER PROVISIONS (GAINS)							271						267		538
INTEREST PAID : NET			444		10		741		(12)		234		208		1,625
of which to Govt'															
CORPORATE TAX											184	(184)			184
SHORTFALL OF REGULAR MAINTENANCE	800														800
TOTAL EXPENSES	1,678		1,598		2,851		4,726		141		1,710		3,039		15,743
NET PROFIT (LOSS)	2,256	(2,256)	(1,115)	(19)	(477)	320	(643)		46		259		(346)		(20)
BALANCE SHEET MOVEMENTS:															
INCREASE (DECREASE) IN :															
NET FIXED ASSETS & INVESTMENTS							659		(3)		314		464		1,434
WORKING CAPITAL							(27)		13		166		45		197
TOTAL ASSETS							632		10		480		509		1,631
FINANCED BY NET INCREASE (DECREASE) IN:															
SHARE CAPITAL & GRANTS							2,293				47		323	230	2,663
RETAINED EARNINGS/RESERVES							(945)		10		128		(320)		(1,127)
DEBT INSTRUMENTS							(1,507)				268		506		(733)
PROVISIONS							791				37				828
TOTAL FINANCING							632		10		480		509		1,631

CASH FLOW TO (FROM) GOVERNMENT:
INCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE — Not Applicable (a)

EXCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE — Not Applicable (a)

Notes: (a) Range of years is too wide.

TABLE A.7 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: THAILAND

(Baht, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	1984	FROM (TO) GOVT	1985	FROM (TO) GOVT	1985	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:													
REVENUE	19,566		29,329		1,002		1,442		182		3,293	116	54,784
of which Govt' subsidies													
WORKING EXPENSES	9,861		19,982		331		1,307		175		3,651 (a)		35,307
of which taxes								(200)					
DEPRECIATION			3,018		92		104		7				3,216
FOREX & OTHER PROVISIONS (GAINS)			2,282		274						438		2,994
INTEREST PAID : NET			1,859		(152)		(69)				318		1,956
of which to Govt'													
CORPORATE TAX			816	(816)									816
SHORTFALL OF REGULAR MAINTENANCE	1,500												1,500
TOTAL EXPENSES	11,361		27,952		545		1,342		182		4,407		45,789
NET PROFIT (LOSS)	8,205	(8,205)	1,377		457		100		(30)		(1,114)		8,995
BALANCE SHEET MOVEMENTS:													
INCREASE (DECREASE) IN :													
NET FIXED ASSESTS & INVESTMENTS			2,242		635		(43)		n.a.		1,809		4,643
WORKING CAPITAL			1,417		78		261		n.a.		250		2,006
TOTAL ASSETS			3,659		713		218		n.a.		2,059		6,649
FINANCED BY NET INCREASE (DECREAES) IN:													
SHARE CAPITAL & GRANTS							(2)		n.a.		501		499
RETAINED EARNINGS/RESERVES			1,377		201		247		n.a.		(543)		1,282
DEBT INSTRUMENTS			2,282		512		(27)		n.a.		2,101		4,868
PROVISIONS													0
TOTAL FINANCING			3,659		713		218		n.a.		2,059		6,649

CASH FLOW TO (FROM) GOVERNMENT:

INCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE — Not Applicable (b)

INCLUDING SHORTFALL OF REGULAR MAINTENANCE AS PERCENT OF GOVERNMENT CURRENT REVENUE — Not Applicable (b)

Note: (a) Depreciation (unquantified) included in this figure.
(b) Range of years is too wide.

TABLE A.8 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: ARGENTINA

(Australes, million)

	ROADS		AIRLINES		PORTS		SHIPPING		RAILWAYS		TOTAL
	1985	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1988	FROM (TO) GOVT	1985	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:											
REVENUE	2,100		605		43		1,444		663		4,855
of which Govt' subsidies										432	
WORKING EXPENSES	1,100		491		39		1,339		563		3,532
of which taxes				(2)				(5)		(24)	
DEPRECIATION					9		175		121		305
FOREX & OTHER PROVISIONS (GAINS)					4		58		234		296
INTEREST PAID : NET			61								61
of which to Govt'											
CORPORATE TAX											
SHORTFALL OF REGULAR MAINTENANCE	0										0
TOTAL EXPENSES	1,100		552		52		1,572		918		4,194
NET PROFIT (LOSS)	1,000	(1,000)	53		(9)		(128)		(255)		661
BALANCE SHEET MOVEMENTS:											
INCREASE (DECREASE) IN :											
NET FIXED ASSESTS & INVESTMENTS			(23)		2		2,809		383		3,171
WORKING CAPITAL			(25)		(1)		(289)		3		(312)
TOTAL ASSETS			(48)		1		2,520		386		2,859
FINANCED BY NET INCREASE (DECREASE) IN:											
SHARE CAPITAL & GRANTS			(12)		12	12	1,593				1,593
RETAINED EARNINGS/RESERVES					(17)		(167)		360		176
DEBT INSTRUMENTS			(50)		2		1,047		26		1,025
PROVISIONS			14		4		47				65
TOTAL FINANCING			(48)		1		2,520		386		2,859

CASH FLOW TO (FROM) GOVERNMENT: (a)	
INCLUDING SHORTFALL OF MAINTENANCE	961
AS PER CENT OF GOVERNMENT CURRENT REVENUE (1986)	6.3
EXCLUDING SHORTFALL OF MAINTENANCE	961
AS PER CENT OF GOVERNMENT CURRENT REVENUE (1986)	6.3

Notes: (a) Figures for roads, shipping and railways have been adjusted to 1986 prices.

TABLE A.9 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: COLOMBIA

(Pesos, million)

	ROADS		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1986	FROM (TO) GOVT	1984	FROM (TO) GOVT	1986	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:											
REVENUE	47,100		8,213		28,505		62,189		15,410		161,417
of which Govt' subsidies				2,745						4,894	
WORKING EXPENSES	52,700		3,278		21,233		56,515		13,871		147,597
of which taxes				(122)							
DEPRECIATION			405		6,831		3,572				10,808
FOREX & OTHER PROVISIONS (GAINS)											0
INTEREST PAID : NET									1,602		1,602
of which to Govt'											
CORPORATE TAX											0
SHORTFALL OF REGULAR MAINTENANCE	0										0
TOTAL EXPENSES	52,700		3,683		28,064		60,087		15,473		160,007
NET PROFIT (LOSS)	(5,600)	5,600	4,530		441		2,102		(63)		1,410
BALANCE SHEET MOVEMENTS:											
INCREASE (DECREASE) IN :											
NET FIXED ASSESTS & INVESTMENTS			5,368		1,821		(1,547)				5,642
WORKING CAPITAL			556		7,045		20,218				27,819
TOTAL ASSETS			5,924		8,866		18,671		0		33,461
FINANCED BY NET INCREASE (DECREASE) IN:											
SHARE CAPITAL & GRANTS											0
RETAINED EARNINGS/RESERVES			4,528		747		1,944				7,219
DEBT INSTRUMENTS			1,396	1,426	8,119	7,160	1,112		2,529 (a)		10,627
PROVISIONS							15,615				15,615
TOTAL FINANCING			5,924		8,866		18,671		0		33,461

CASH FLOW TO (FROM) GOVERNMENT:
INCLUDING SHORTFALL OF REGULAR MAINTENANCE
AS PERCENT OF GOVERNMENT CURRENT REVENUE — Not Applicable (b)

INCLUDING SHORTFALL OF REGULAR MAINTENANCE
AS PERCENT OF GOVERNMENT CURRENT REVENUE — Not Applicable (b)

Notes: (a) Excluded from total
(b) Range of years is too wide.

TABLE A.10 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: COSTA RICA

(Color million)

	ROADS		AIRPORTS		AIRLINES		PORTS		RAILWAYS		TOTAL
	1986	FROM (TO) GOVT	1987	FROM (TO) GOVT	1987	FROM (TO) GOVT	1986	FROM (TO) GOVT	1987	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:											
REVENUE	8,665		177		4,966		5,907		840		20,555
of which Govt' subsidies										333	
WORKING EXPENSES	5,852		185		4,584		5,117		1,013		16,731
of which taxes											
DEPRECIATION					253		181				434
FOREX & OTHER PROVISIONS (GAINS)					(31)						(31)
INTEREST PAID : NET					283		31		10		324
of which to Govt'											
CORPORATE TAX											0
SHORTFALL OF REGULAR MAINTENANCE	0										0
TOTAL EXPENSES	5,852		185		5,069		5,329		1,023		17,458
NET PROFIT (LOSS)	2,813	(2,813)	(8)	8	(103)		578		(183)		3,097
BALANCE SHEET MOVEMENTS:											
INCREASE (DECREASE) IN :											
NET FIXED ASSESTS & INVESTMENTS					107		(287)		199		19
WORKING CAPITAL					(226)		406		(298)		(118)
TOTAL ASSETS					(119)		119		(99)		(99)
FINANCED BY NET INCREASE (DECREASE) IN:											
SHARE CAPITAL & GRANTS					192		344		154		690
RETAINED EARNINGS/RESERVES					(9)		217		(253)		(45)
DEBT INSTRUMENTS					(257)		7				(250)
PROVISIONS					(45)		(449)				(494)
TOTAL FINANCING					(119)		119		(99)		(99)

CASH FLOW TO (FROM) GOVERNMENT (a):	
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	3,127
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1987)	7.0
EXCLUDING SHORTFALL OF REGULAR MAINTENANCE	3,127
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1987)	7.0

Notes: (a) Figures for roads and ports adjusted to 1987 prices.

TABLE A.11 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: JAMAICA

(Jam. $, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1981/82	FROM (TO) GOVT	1984	FROM (TO) GOVT	1984	FROM (TO) GOVT	1984	FROM (TO) GOVT	1984	FROM (TO) GOVT	1984	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:													
REVENUE	129		434		36		22		37		21		679
of which Govt' subsidies													
WORKING EXPENSES	79		379		29		7		35		25		554
of which taxes													
DEPRECIATION			31		3		4		2		3		43
FOREX & OTHER PROVISIONS (GAINS)			42		12		33		5				92
INTEREST PAID : NET			50				5		3		1		59
of which to Govt'													
CORPORATE TAX													0
SHORTFALL OF REGULAR MAINTENANCE	7												7
TOTAL EXPENSES	87		502		44		49		45		29		756
NET PROFIT (LOSS)	42	(42)	(68)		(8)		(27)		(8)		(8)		(77)
BALANCE SHEET MOVEMENTS:													
INCREASE (DECREASE) IN :													
NET FIXED ASSESTS & INVESTMENTS			183		56		55		5		18		317
WORKING CAPITAL			100		10		(2)		(5)				103
TOTAL ASSETS			283		66		53		0		18		420
FINANCED BY NET INCREASE (DECREASE) IN:													
SHARE CAPITAL & GRANTS			16	16									16
RETAINED EARNINGS/RESERVES			(48)		(8)				(7)		(8)		(71)
DEBT INSTRUMENTS			265		20	20	23	1	7		26	12	341
PROVISIONS			50		54		30						134
TOTAL FINANCING			283		66		53		0		18		420

CASH FLOW TO (FROM) GOVERNMENT (a):	
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	13
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1984)	0.5
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	20
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1984)	0.9

Notes: (a) Figures for roads adjusted to 1984 prices.

TABLE A.12 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: ALGERIA

(Dinars, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1984	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:													
REVENUE	8,130		3,202		322		1,312		1,722		1,286		15,974
of which Govt' subsidies												238	
WORKING EXPENSES	5,240		2,680		275		1,106		1,765		1,630		12,696
of which taxes				(120)		(41)				(39)		(168)	
DEPRECIATION			344		41		100		123		269		877
FOREX & OTHER PROVISIONS (GAINS)													0
INTEREST PAID : NET			102		3				181		186		472
of which to Govt'													
CORPORATE TAX			39	(39)	2	(2)			18	(18)			59
SHORTFALL OF REGULAR MAINTENANCE	350												350
TOTAL EXPENSES	5,590		3,165		321		1,206		2,087		2,085		14,454
NET PROFIT (LOSS)	2,540	(2,540)	37		1		106		(365)		(799)		1,520
BALANCE SHEET MOVEMENTS:													
INCREASE (DECREASE) IN :													
NET FIXED ASSESTS & INVESTMENTS			(109)		33				(103)		3,037		2,858
WORKING CAPITAL			(197)		57				427		(650)		(363)
TOTAL ASSETS			(306)		90		0		324		2,387		2,495
FINANCED BY NET INCREASE (DECREASE) IN:													
SHARE CAPITAL & GRANTS					82				3		1,818	788	1,903
RETAINED EARNINGS/RESERVES			(59)		(3)				(352)				(414)
DEBT INSTRUMENTS			(328)		(5)				673		569		909
PROVISIONS			81		16								97
TOTAL FINANCING			(306)		90		0		324		2,387		2,495

CASH FLOW TO (FROM) GOVERNMENT (a):	
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	2,556
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)	2.8
EXCLUDING SHORTFALL OF REGULAR MAINTENANCE	2,906
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)	3.2

Notes: (a) Figures for roads adjusted to 1986 prices.

TABLE A.13 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: PAKISTAN

(Rupees, million)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		ROAD TRANSPORT		TOTAL
	1984/85	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1985	FROM (TO) GOVT	1987	FROM (TO) GOVT	1984-6	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:															
REVENUE	9,324		11,162		702		962		2,451		4,921		661		30,183
of which Govt' subsidies															
WORKING EXPENSES	3,895		9,009				1,046		2,163		4,835		934		21,882
of which taxes															
DEPRECIATION			1,373				182		136		936		46		2,673
FOREX & OTHER PROVISIONS (GAINS)			(473)										46		(427)
INTEREST PAID : NET			471				157		137		482		152		1,399
of which to Govt'															
CORPORATE TAX									6						6
SHORTFALL OF REGULAR MAINTENANCE	4,105														4,105
TOTAL EXPENSES	8,000		10,380		248		1,385		2,442		6,253		1,178		29,886
NET PROFIT (LOSS)	1,324	(1,324)	782		454		(423)		9		(1,332)		(517)		297
BALANCE SHEET MOVEMENTS:															
INCREASE (DECREASE) IN :															
NET FIXED ASSESTS & INVESTMENTS			493				27		2		1,740		10		2,272
WORKING CAPITAL			(207)				(332)		246		(692)		(137)		(1,122)
TOTAL ASSETS			286		0		(305)		248		1,048		(127)		1,150
FINANCED BY NET INCREASE (DECREASE) IN:															
SHARE CAPITAL & GRANTS			301 (a)				82		259	259	670	670	262		1,574
RETAINED EARNINGS/RESERVES			780				(428)		9		(519)		(439)		(597)
DEBT INSTRUMENTS			(805)				41		(20)		897		50		163
PROVISIONS			10												10
TOTAL FINANCING			286		0		(305)		248		1,048		(127)		1,150

CASH FLOW TO (FROM) GOVERNMENT:	
INCLUDING SHORTFALL OF REGULAR MAINTENENCE	447
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1984/85)	0.6
INCLUDING SHORTFALL OF REGULAR MAINTENENCE	4,552
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1984/85)	6.0

Notes: (a) Share capital increased as a result of a bonus share issue.
(b) Figures for airlines, ports and railways adjusted to 1985 prices.

TABLE A.14 OVERALL FINANCIAL PERFORMANCE OF THE PUBLIC TRANSPORT SECTOR: TUNISIA

(Dinars '000)

	ROADS		AIRLINES		AIRPORTS		PORTS		SHIPPING		RAILWAYS		TOTAL
	1985	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	1985	FROM (TO) GOVT	1986	FROM (TO) GOVT	1986	FROM (TO) GOVT	
PROFIT & LOSS ACCOUNT:													
REVENUE	83,300		167,249		20,379		17,757		68,836		85,004		442,525
of which Govt' subsidies												15,417	
WORKING EXPENSES	54,200		132,968		15,038		11,402		57,884		68,104		339,596
of which taxes				(21,306)		(1,245)		(1,613)		(29)		(2,866)	
DEPRECIATION			29,205		4,331		3,050		7,557		19,400		63,543
FOREX & OTHER PROVISIONS (GAINS)			5,791		(94)		3,383		779				9,859
INTEREST PAID : NET			982		581		870		3,452		3,350		9,235
of which to Govt'													
CORPORATE TAX													0
SHORTFALL OF REGULAR MAINTENANCE	6,700												6,700
TOTAL EXPENSES	60,900		168,946		19,856		18,705		69,672		90,854		428,933
NET PROFIT (LOSS)	22,400	(22,400)	(1,697)		523		(948)		(836)		(5,850)		13,592
BALANCE SHEET MOVEMENTS:													
INCREASE (DECREASE) IN :													
NET FIXEL ASSESTS & INVESTMENTS			208		(1,265)		23,015		(4,600)		12,672		30,030
WORKING CAPITAL			21,555		2,458		(10,163)		8,056		(10,453)		11,453
TOTAL ASSETS			21,763		1,193		12,852		3,456		2,219		41,483
FINANCED BY NET INCREASE (DECREASE) IN:													
SHARE CAPITAL & GRANTS			20,613		908		18,391		1		830		40,743
RETAINED EARNINGS/RESERVES			2,321		755		(17,252)		1,770		5,539		(6,867)
DEBT INSTRUMENTS			(6,962)		(376)		8,330		906		(4,150)		(2,252)
PROVISIONS			5,791		(94)		3,383		779				9,859
TOTAL FINANCING			21,763		1,193		12,852		3,456		2,219		41,483

CASH FLOW TO (FROM) GOVERNMENT (a):	
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	35,387
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)	1.6
INCLUDING SHORTFALL OF REGULAR MAINTENANCE	42,087
AS PERCENT OF GOVERNMENT CURRENT REVENUE (1986)	1.9

Notes: (a) Figures for roads and ports adjusted to 1986 prices.

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